



COUNCIL CHAMBERS

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

REDEVELOPMENT AGENCY

Dennis Kennedy, Chairperson
Mark Grzan, Vice-Chairperson
Larry Carr, Agency Member
Greg Sellers, Agency Member
Steve Tate, Agency Member

COUNCIL MEMBERS

Dennis Kennedy, Mayor
Mark Grzan, Mayor Pro Tempore
Larry Carr, Council Member
Greg Sellers, Council Member
Steve Tate, Council Member

WEDNESDAY, APRIL 26, 2006

AGENDA

JOINT MEETING

REDEVELOPMENT AGENCY REGULAR MEETING

and

CITY COUNCIL REGULAR MEETING

7:00 P.M.

CALL TO ORDER

(Chairperson/Mayor Kennedy)

ROLL CALL ATTENDANCE

(Deputy Agency Secretary/Deputy City Clerk Malone)

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2

(Deputy Agency Secretary/Deputy City Clerk Malone)

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

RECOGNITIONS

Mt. Madonna YMCA Volunteer of the Year
Doris Bateman

Mt. Madonna YMCA Teen Volunteer of the Year
Mark Curtis

PRESENTATIONS

Pandemic Flu
Director of Santa Clara County Health Department, Dr. Guadalupe Olivas
Santa Clara County Health Officer, Dr. Martin Fenstersheib

CITY COUNCIL REPORT

Council Member Tate

CITY COUNCIL COMMITTEE REPORTS

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

City Treasurer's Quarterly Report
City Treasurer Roorda

PUBLIC COMMENT

NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.

(See notice attached to the end of this agenda.)

**PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME
THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND
PRESENT IT TO THE CITY CLERK.**

(See notice attached to the end of this agenda.)

**PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE
CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY
COUNCIL/REDEVELOPMENT AGENCY.**

Redevelopment Agency Action

CONSENT CALENDAR:

ITEMS 1-2

The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

Time Estimate
Consent Calendar: 1 - 10 Minutes

Page

1. [MARCH 2006 FINANCE & INVESTMENT REPORT - RDA](#)7
Recommended Action(s): Accept and File Report.

Time Estimate	Page
Consent Calendar: 1 - 10 Minutes	
2. <u>APPROVAL OF BELLINGER FOSTER STEINMETZ SCOPE OF WORK AND CONTRACT AMOUNT FOR ARCHITECTURAL DESIGN AND CONSTRUCTION DOCUMENTS FOR THE SPORTS COMPLEX PHASE ONE</u>	16
Recommended Action(s):	
1. Authorize the Executive Director to Prepare and Execute a Contract with Bellinger Foster Steinmetz in an amount not to Exceed \$230,000 for Architectural Services for Phase One of the Sports Complex Project on Condit Road, Subject to Review and Approval by the City Attorney; and	
2. Approve a Professional Services Budget Adjustment of \$25,000 from CIP 114000 Regional Soccer Complex to CIP 115A02.	

City Council Action

CONSENT CALENDAR:

ITEMS 3-12

Time Estimate	Page
Consent Calendar: 1 - 10 Minutes	
3. <u>MARCH 2006 FINANCE & INVESTMENT REPORT - CITY</u>	17
Recommended Action(s): Accept and File Report.	
4. <u>NEW LIBRARY CONSTRUCTION STAKING</u>	42
Recommended Action(s): Authorize the City Manager to Execute a Consultant Agreement with MH Engineering for Construction Staking of the New Library in an Amount not to exceed \$50,000; Subject to Review and Approval by the City Attorney.	
5. <u>PURCHASE OF VEHICLES FOR PUBLIC WORKS DEPARTMENT</u>	43
Recommended Action(s):	
1. Authorize Vehicle Purchases through the State of California General Services Procurement Process for the Vehicles Identified in this Staff Report, for a Total Cost of \$190,454; and	
2. Declare the Vehicles identified in the Spreadsheet as Surplus and for Sale at Auction.	
6. <u>CITY POSITION ON SANTA CLARA VALLEY WATER DISTRICT ENABLING LEGISLATION</u>	44
Recommended Action(s): Authorize the Mayor to Send a Letter Supporting AB2435.	
7. <u>SUSTAINABLE SILICON VALLEY PARTICIPATION</u>	45
Recommended Action(s): Direct Staff to have the City Become a Partner in Sustainable Silicon Valley (SSV), with Annual Partnership Dues of \$1,000 Charged to Fund 232, Environmental Programs.	
8. <u>AGREEMENT WITH PG&E FOR DEPOT STREET UNDERGROUNDING UTILITIES PROJECT</u>	48
Recommended Action(s):	
1. Authorize the City Manager to Execute an Agreement with PG&E, Subject to Review and Approval by the City Attorney, in the Amount of \$438,699 for Completing the Engineering Design Work and Installation Costs for the Depot Street Undergrounding Utilities Project; and	
2. Authorize the Use of \$340,000 in RDA Funds for the Depot Street Undergrounding Utilities Project (537004) that was Previously Approved for the Depot Street Reconstruction Project (539005).	

Time Estimate **Page**
Consent Calendar: 1 - 10 Minutes

9. [**ADOPT ORDINANCE NO. 1776, NEW SERIES**](#)49
Recommended Action(s): Waive the Reading, and Adopt Ordinance No. 1776, New Series, and Declare That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING ZONING AMENDMENT APPLICATION ZA-05-27: SANTA TERESA – BLACK ROCK LLC (APN 779-02-002).**
10. [**ADOPT ORDINANCE NO. 1777, NEW SERIES**](#) 53
Recommended Action(s): Waive the Reading, and Adopt Ordinance No. 1777, New Series, and Declare That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1708 NEW SERIES, AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION DA-04-06: COCHRANE-BORELLO. (APN 728-34-007).**
11. [**ADOPT ORDINANCE NO. 1778, NEW SERIES**](#) 58
Recommended Action(s): Waive the Reading, and Adopt Ordinance No. 1778, New Series, and Declare That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING TITLE 2, CHAPTERS 2.22 (MASTER PROVISIONS FOR BOARDS & COMMISSIONS), 2.28 (HEALTH COMMISSION), 2.32 (PARKS & RECREATION COMMISSION), 2.56 (ARCHITECTURAL & SITE REVIEW BOARD), 2.64 (MOBILE HOME RENT COMMISSION), AND 2.68 (LIBRARY, CULTURE & ARTS COMMISSION); AND ADDING SECTION 2.70, SENIOR ADVISORY COMMISSION OF THE MORGAN HILL MUNICIPAL CODE.**
12. [**APPROVE SPECIAL CITY COUNCIL MEETING MINUTES OF APRIL 12, 2006.**](#).....70

City Council Action

OTHER BUSINESS:

Time Estimate **Page**

13. 20 Minutes [**COMMUNITY SPECIAL EVENT FUNDING REQUESTS FOR FISCAL YEAR 2006-2007 BUDGET CONSIDERATION**](#) 84
Recommended Action(s):
1. **Review** Requests Submitted by Community Organizations;
 2. **Provide** Funding Direction to Staff for Consideration in the Fiscal Year 2006-2007 Budget Process for Community-Wide Special Events;
 3. **Determine** if a Separate Policy Should be Drafted to Address Public Facility Rental Rate Discounts, Funding of Events not Falling into the Community-Wide Criteria, and Outside Organization Requests for Council Funding/Co-Sponsorship Support; and
 4. **Council Discretion** on Funding United Way's 2-1-1 Call Center for \$10,000, and Providing a Letter of Support to the CPUC.

OTHER BUSINESS:

	Time Estimate		Page
14.	5 Minutes	<u>APPOINTMENTS TO FILL VACANCIES ON THE LIBRARY, CULTURE & ARTS COMMISSION AND THE PARKS & RECREATION COMMISSION</u>	88
		<u>Recommended Action(s):</u> <u>Consider</u> , <u>Discuss</u> , and <u>Ratify</u> Mayor's Appointment to Fill Vacancies on the Library, Culture & Arts Commission; and the Parks & Recreation Commission.	
15.	10 Minutes	<u>REPORT FROM THE CITY COUNCIL AD HOC TASK FORCE</u>	89
		<u>Recommended Action(s):</u>	
		1. <u>Discuss</u> Ad Hoc Task Force Report;	
		2. <u>Adopt</u> Ad Hoc Task Force Recommended Actions; and	
		3. <u>Direct</u> Ad Hoc Task Force to Return to the Council with a Recommendation on Outstanding Item(s).	

City Council and Redevelopment Agency Action

OTHER BUSINESS:

	Time Estimate		Page
16.	10 Minutes	<u>COUNCIL GOAL: COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE COMMUNICATION PLAN FOR DOWNTOWN</u>	92
		<u>Recommended Action(s):</u> <u>Endorse</u> the Council Community and Economic Development Committee's (C&ED) Recommended Approach for Communicating to the Community the Accomplishments and Goals for Downtown.	

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT

PUBLIC COMMENTS ON ITEMS NOT APPEARING ON AGENDA

Following the opening of Council/Agency business, the public may present comments on items *NOT* appearing on the agenda that are within the Council's/Agency's jurisdiction. Should your comments require Council/Agency action, your request will be placed on the next appropriate agenda. No Council/Agency discussion or action may be taken until your item appears on a future agenda. You may contact the City Clerk/Agency Secretary for specific time and dates. This procedure is in compliance with the California Public Meeting Law (Brown Act) G.C. 54950.5. Please limit your presentation to three (3) minutes.

PUBLIC COMMENTS ON ITEMS APPEARING ON AGENDA

The Morgan Hill City Council/Redevelopment Agency welcomes comments from all individuals on any agenda item being considered by the City Council/Redevelopment Agency. Please complete a Speaker Card and present it to the City Clerk/Agency Secretary. This will assist the Council/Agency Members in hearing your comments at the appropriate time. Speaker cards are available on the table in the foyer of the Council Chambers. In accordance with Government Code 54953.3 it is not a requirement to fill out a speaker card in order to speak to the Council/Agency. However, it is very helpful to the Council/Agency if speaker cards are submitted. As your name is called by the Mayor/Chairman, please walk to the podium and speak directly into the microphone. Clearly state your name and address and then proceed to comment on the agenda item. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the City Council/Agency Commission are limited to three minutes. We appreciate your cooperation.

NOTICE

AMERICANS WITH DISABILITIES ACT (ADA)

The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City. If you need special assistance to access the meeting room or to otherwise participate at this meeting, including auxiliary aids or services, please contact the Office of the City Clerk/Agency Secretary at City Hall, 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation. Please make your request at least 48 hours prior to the meeting to enable staff to implement reasonable arrangements to assure accessibility to the meeting.

If assistance is needed regarding any item appearing on the City Council/Agency Commission agenda, please contact the Office of the City Clerk/Agency Secretary at City Hall, 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation.

NOTICE

Notice is given, pursuant to Government Code Section 65009, that any challenge of Public Hearing Agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the City Council/Agency Commission at, or prior to the Public Hearing on these matters.

NOTICE

The time within which judicial review must be sought of the action by the City Council/Agency Commission which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.



REDEVELOPMENT AGENCY
STAFF REPORT

MEETING DATE: April 26, 2006

MARCH 2006 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of March 2006. The report covers activity for the first nine months of the 2005/2006 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

Agenda Item # 1

Prepared By:

Finance Director

Submitted By:

Executive director

**REDEVELOPMENT AGENCY OF
THE CITY OF MORGAN HILL**

Monthly Financial and Investment Reports

March 31, 2006 – 75% Year Complete



**CITY OF MORGAN HILL
REDEVELOPMENT AGENCY**

Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2005/06
FOR THE MONTH OF MARCH 2006 - 75% OF YEAR COMPLETE

Revenues

Through March 31, the Redevelopment Agency received \$13,567,865 in property tax increment revenues. Most property tax increment revenues are received in December and April. The Redevelopment Agency, as of March 31, 2006, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$110,297,765, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. All tax increment revenues collected during 2005/2006 were collected under the plan amendment.

An amount of \$2,942,263 in interest earnings and other income was received through March. This total included \$650,000 received by the Agency for the sale of the old police facility, included \$658,000 in loan repayments received from Hospira and Johnson Lumber, and included \$267,000 in revenue from the County Library toward the cost of the new Library design. The Agency also received \$276,000 in December, as part of this total, from the sale of a below market rate housing unit. Certain additional interest earnings for January, February, and March have not yet been apportioned, but will be following the quarter ending March 31 in April.

Expenditures

Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$24,418,539 and were 71% of budget. Of this total, \$11,164,037 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 38% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 71% of budget. Through March, CIP project expenditures totaled \$10,508,563, including approximately \$192,000 on Aquatics improvements, \$958,000 on the Library, \$8,988,000 on the Indoor Recreation Center, and \$357,000 on Tennant Avenue Widening. In addition, the Agency spent \$358,000 moving the Acton House/Museum and \$875,000 on the County Court House.

Expenditures plus encumbrances for Housing were at 43% of the budget for a total of \$4,361,807. This included approximately \$343,000 in funding for the Watsonville Road Housing Project, \$1,014,000 for the Royal Court Housing loan, and \$1,140,000 for the Casa Diana purchase. All of the 2005/06 housing related expenditures has been funded with tax increment collected under the plan amendment.

Fund Balance

The unreserved fund balance of \$556,865 for the Capital Projects Fund at March 31, 2006, consisted entirely of monies collected under the plan amendment. The unreserved fund balance does not reflect future obligations to pay an additional \$875,000 for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency decide to execute its option to purchase in accordance with the agreement. If these future commitments are subtracted from the \$556,865, the remaining unreserved fund balance at March 31 would be a negative (\$1,928,135). However, these commitments are expected to be paid out over the next several years. Property tax increment receipts in the near future will provide the resources necessary to carry the Agency through the remainder of this fiscal year. The Capital Projects Fund cash balance at March 31 was \$11,763,742.

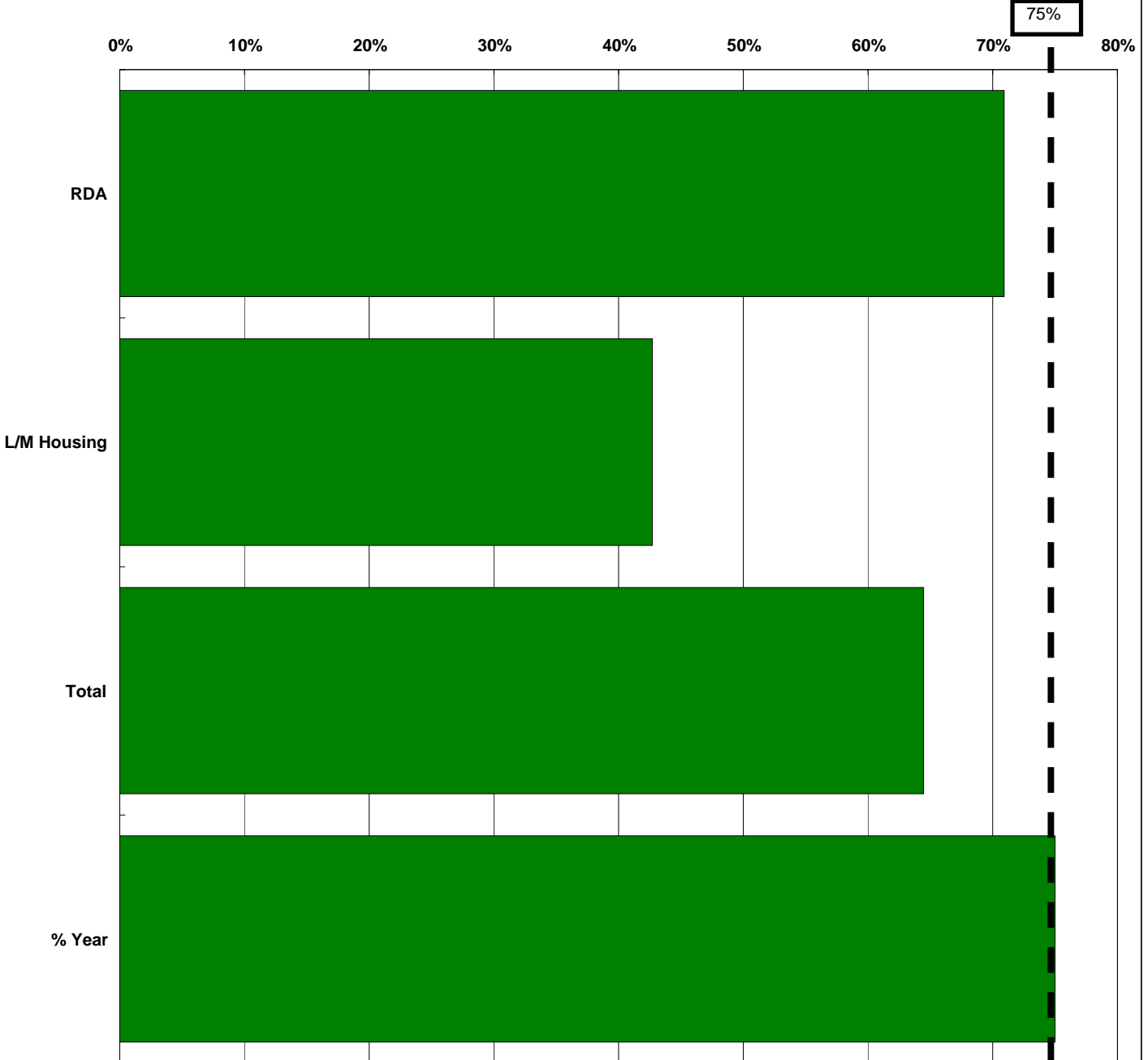
The unreserved fund balance of \$5,839,113 for the Housing Fund at March 31 consisted of funds all collected under the plan amendment.



Redevelopment Agency YTD Expenditures

March 31, 2006

Percent of Actual to Budget

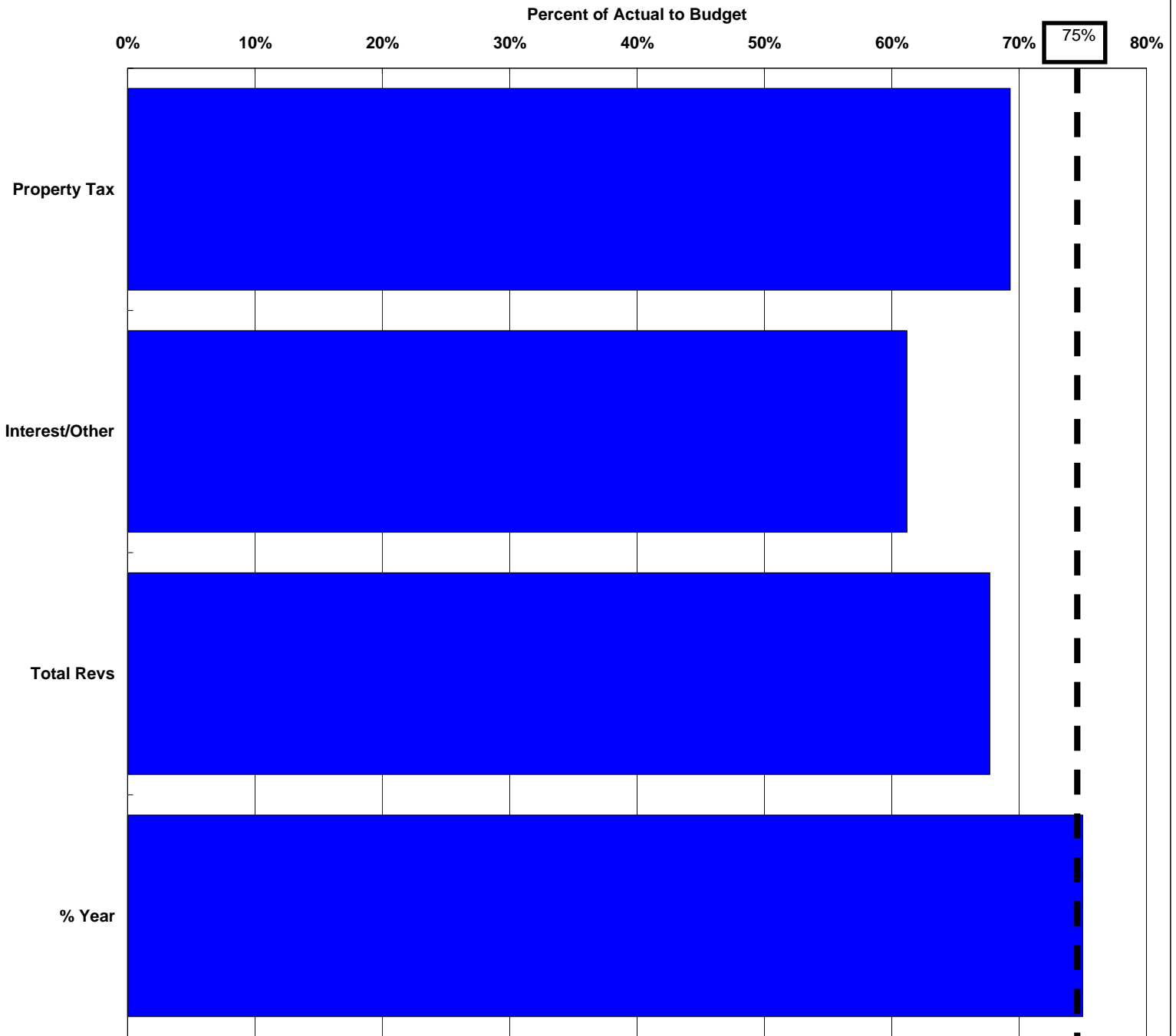


Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$34,437,282	\$24,418,539	71%
HOUSING	10,209,748	4,361,807	43%
TOTALS	\$44,647,030	\$28,780,346	64%



Redevelopment Agency YTD Revenues

March 31, 2006



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$19,571,636	\$13,567,865	69%	\$10,655,069	27%
INTEREST INCOME/RENTS/OTHER	\$4,808,397	\$2,942,263	61%	\$612,585	380%
TOTALS	\$24,380,033	\$16,510,128	68%	\$11,267,654	47%



Redevelopment Agency
 Fund Balance Report - Fiscal Year 2005/06
 For the Month of March 2006
 75% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-05	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$12,182,379	12,864,074	64%	13,254,502	38%	(390,428)	11,235,086	556,865	\$11,763,742	
327/328	HOUSING	\$6,764,866	3,646,054	83%	4,019,750	39%	(373,696)	552,057	\$5,839,113	\$6,445,883	
TOTAL CAPITAL PROJECT FUNDS		\$18,947,245	16,510,128	68%	17,274,252	39%	(764,124)	11,787,143	6,395,978	18,209,624	
SUMMARY BY FUND TYPE											
	CAPITAL PROJECTS GROUP	\$18,947,245	16,510,128	68%	17,274,252	39%	(764,124)	11,787,143	6,395,978	18,209,624	
TOTAL ALL GROUPS		\$18,947,245	16,510,128	68%	17,274,252	39%	(764,124)	11,787,143	6,395,978	18,209,624	
TOTAL CASH AND INVESTMENTS										18,209,624	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency
Year to Date Revenues - Fiscal Year 2005/06
For the Month of March 2006
75% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	15,169,461	15,169,461	10,539,381	69%	8,292,646	2,246,735	27%
Loan Proceeds	4,500,000	4,500,000	716,235	16%	-	-	n/a
Interest Income, Rents	297,947	297,947	575,597	193%	121,383	454,214	374%
Other Agencies/Current Charges	-	-	1,032,861	n/a	334,529	698,332	209%
TOTAL CAPITAL PROJECTS	19,967,408	19,967,408	12,864,074	64%	8,748,558	4,115,516	47%
327/328 HOUSING							
Property Taxes & Supplemental Roll	4,402,175	4,402,175	3,028,484	69%	2,362,423	666,061	28%
Interest Income, Rent	10,450	10,450	213,617	2044%	155,492	58,125	37%
Other	-	-	403,953	na	1,181	402,772	34104%
TOTAL HOUSING	4,412,625	4,412,625	3,646,054	83%	2,519,096	1,126,958	45%
TOTAL CAPITAL PROJECTS FUNDS	24,380,033	24,380,033	16,510,128	68%	11,267,654	5,242,474	47%



Redevelopment Agency
Year to Date Expenses - Fiscal Year 2005/2006
For the Month of March 2006
75% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET	PRIOR YTD
317 CAPITAL PROJECTS								
	BAHS Administration	153,635	1,638,740	1,122,939	67,767	1,190,706	73%	921,742
	BAHS Economic Development	38,261	4,135,252	1,623,000	454,533	2,077,533	50%	1,608,818
	BAHS CIP	<u>2,078,320</u>	<u>28,663,290</u>	<u>10,508,563</u>	<u>10,641,737</u>	<u>21,150,300</u>	<u>74%</u>	<u>3,169,678</u>
	TOTAL CAPITAL PROJECTS	<u>2,270,216</u>	<u>34,437,282</u>	<u>13,254,502</u>	<u>11,164,037</u>	<u>24,418,539</u>	<u>71%</u>	<u>5,700,238</u>
327 AND 328 HOUSING								
	Housing	<u>348,360</u>	<u>10,209,748</u>	<u>4,019,750</u>	<u>342,057</u>	<u>4,361,807</u>	<u>43%</u>	<u>2,550,308</u>
	TOTAL HOUSING	<u>348,360</u>	<u>10,209,748</u>	<u>4,019,750</u>	<u>342,057</u>	<u>4,361,807</u>	<u>43%</u>	<u>2,550,308</u>
TOTAL CAPITAL PROJECT FUND:		2,618,576	44,647,030	17,274,252	11,506,094	28,780,346	64%	8,250,546



Redevelopment Agency of the City of Morgan Hill
Balance Sheet Report - Fiscal Year 2005/06
For the Month of March 2006
75% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS		
Cash and investments:		
Unrestricted	11,763,742	6,445,883
Accounts Receivable	28,849	
Loans Receivable ¹	4,280,730	33,127,664
Advance to Other Funds		
Fixed Assets ²	71,049	210,000
Other Assets		
Total Assets	16,144,370	39,783,547
LIABILITIES		
Accounts Payable and Accrued Liabilities	51,106	38,835
Deferred Revenue ³	4,301,313	33,353,542
Accrued Vacation and Comp Time		
Total liabilities	4,352,419	33,392,377
FUND BALANCE		
Fund Balance		
Reserved for:		
Encumbrances	11,164,037	342,057
Advance to Other Funds		
Properties Held for Resale	71,049	210,000
Loans and Notes Receivable		
Total Reserved Fund balance	11,235,086	552,057
Unreserved Fund Balance	556,865	5,839,113
Total Fund Balance	11,791,951	6,391,170
Total Liabilities and Fund Balance	16,144,370	39,783,547

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.



REDEVELOPMENT AGENCY

MEETING DATE: April 26, 2006

Agenda Item # 2

Prepared By:

**Special Assistant to the
City Manager**

Submitted By:

Executive Director

APPROVAL OF BELLINGER FOSTER STEINMETZ SCOPE OF WORK AND CONTRACT AMOUNT FOR ARCHITECTURAL DESIGN AND CONSTRUCTION DOCUMENTS OF THE SPORTS COMPLEX PHASE ONE

RECOMMENDED ACTION(S):

1. Authorize the Executive Director to prepare and execute a contract with Bellinger Foster Steinmetz in an amount not to exceed \$230,000 for Architectural Services for Phase One of the Sports Complex Project on Condit Road pending City Attorney approval.
2. Approve a professional services budget adjustment of \$25,000 from CIP 114000 Regional Soccer Complex to CIP 115A02.

EXECUTIVE SUMMARY:

On February 1, 2006 Morgan Hill City Council adopted a policy to develop the Outdoor Sports Complex to meet the community's recreation needs as defined through the Parks, Facilities and Recreation Program Master Plan adopted in 2001 and from the results of the work completed by the Outdoor Sports Sub-Committee consisting of representatives of non-profit, youth sports organizations in Morgan Hill. Council directed staff that within the next year the City will move forward with Phase 1 of the master plan adopted in December 2004 which includes constructing one or two artificial fields with lighting and a concession building with restrooms. Parking improvements will be made and a fence will be installed to delineate from the remaining fields. The remaining fields will be deferred to future phases and will remain grass with CYSA as operators. The project is listed in the CIP as Outdoor Sports Complex #115A02. Phase 1 project budget allocation is \$2.6M.

Lee Steinmetz of Bellinger Foster Steinmetz produced the master plan concept and the phase one plan as approved by Council in December 2004. Due to the compressed schedule to complete phase one in a year and past services have been completed at a successful level, it was concluded to continue with the current firm for the architectural design and construction documents. Note that the one year schedule includes an environmental impact report which completion timing may cause a schedule delay and project impacts not known at this time.

There are also previous professional fees paid to Bellinger Foster Steinmetz which resulted in the establishment of the master plan and phase one plan as well as versions required to review the private-public partnership concept. These fees total \$24,647.00 and require a budget adjustment to the CIP project.

FISCAL IMPACT: \$230,000 with a 4% contingency from CIP 115A02 with \$240,000 budgeted for Professional Service in FY 05-06. A professional services budget adjustment of \$25,000 from CIP 114000 Regional Soccer Complex is requested.



CITY COUNCIL STAFF REPORT

MEETING DATE: April 26, 2006

MARCH 2006 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended March 31, 2006. The report covers the first nine months of activity for the 2005/2006 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

Agenda Item # 3

Prepared By:

Finance Director

Submitted By:

City Manager

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
March 31, 2006 – 75% Year Complete



CITY OF MORGAN HILL

Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2005/06
FOR THE MONTH OF MARCH 2006 - 75% OF YEAR COMPLETE

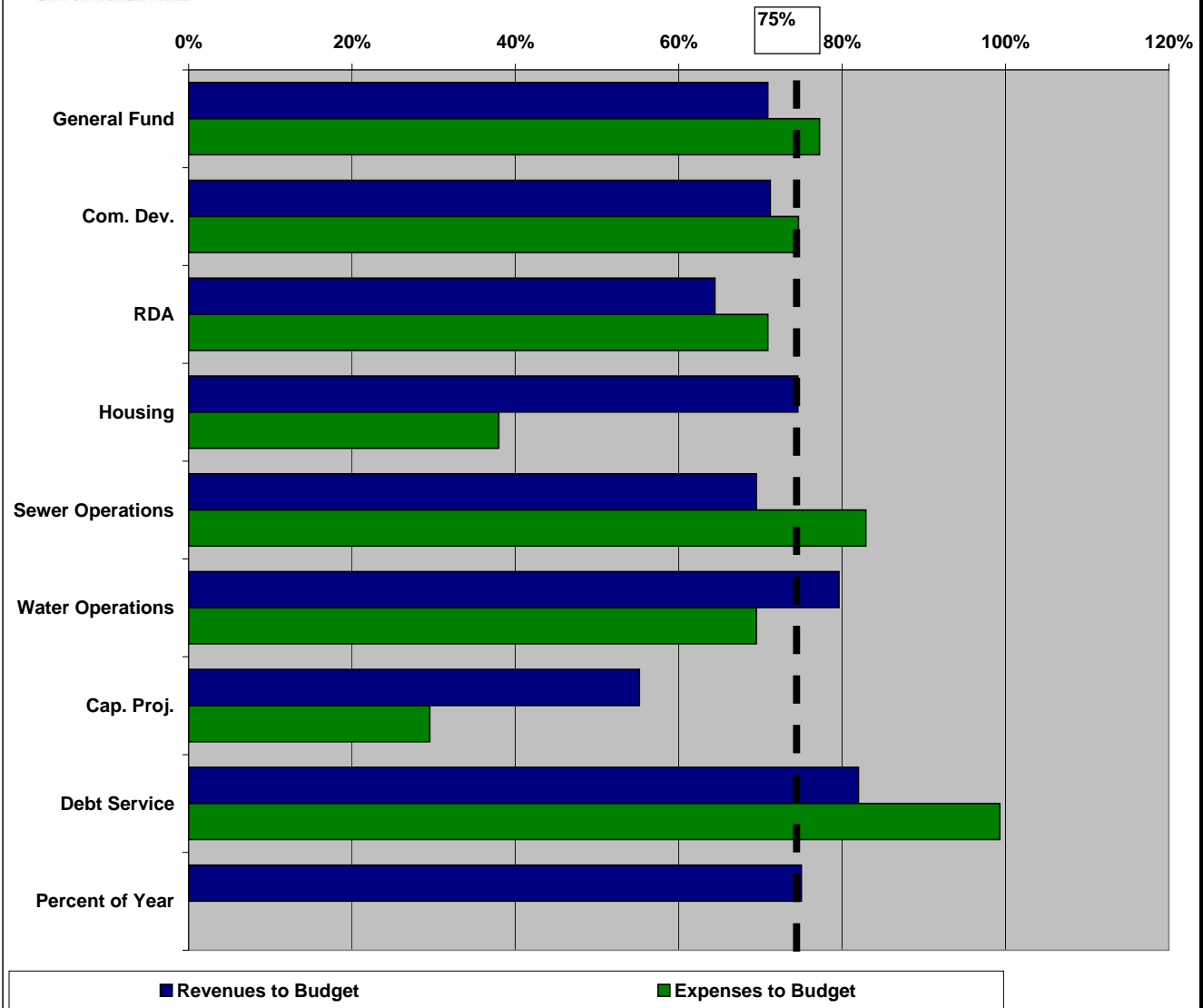
This analysis of the status of the City's financial situation reflects 75% of the year.

- * **General Fund** - The revenues received in the General Fund were approximately 71% of the budgeted revenues. A total of \$3,498,378, or 71% of the budget, in property related taxes has been received by the City. Property tax receipts included \$1,225,725 in motor vehicle in-lieu backfill revenue. The amount of Sales Tax collected was 80% of the sales tax revenue budget and was 17% more than the amount collected for the same period last year. Sales tax receipts in February included \$781,000 related to triple flip legislation and withheld from previous sales tax collections. Business license and other permit collections through December were 102% of the budgeted amount. Most of the business license renewal fees were due in July; therefore the higher percentage of budget collected early in the year is normal. Motor Vehicle-in-Lieu revenues were \$133,608, or 71% of the budgeted amount, and 23% less than last year. Interest & Other Revenue was 72% of budget and did not reflect certain January, February, or March interest earnings that will be posted in April as part of earnings for the quarter ending March 31.
- * The General Fund expenditures and encumbrances to date totaled 77% of the budgeted appropriations. The outstanding encumbrances in several activities were encumbrances for projects started but not completed in the prior year and carried forward to the current fiscal year. The higher balances expended in the Administration budgets for the City Attorney and Communications & Marketing related to contract encumbrances.
- * **Transient Occupancy (Hotel) Tax** - The TOT rate is 10%. The City receives TOT on a quarterly basis. Taxes through December 31 totaled \$528,569, or 54% of the budget, and 9% more than the prior year amount. Taxes for the months of January, February, and March have not yet been received and will be collected by the City after the end of the quarter ending March 31.
- * **Community Development** - Revenues were 71% of budget, which was 28% less than the amount collected in the like period for the prior year. Planning expenditures plus encumbrances were 72% of budget; Building has expended or encumbered 76% of budget and Engineering 76%. Community Development has expended or encumbered a combined total of 75% of the 2005/06 budget, including \$295,194 in encumbrances. If encumbrances were excluded, Community Development would have spent only 67% of the combined budget.
- * **RDA and Housing** – A total of \$13,567,865, or 69% of the budget, in property tax increment revenues has been received as of March 31, 2006. Expenditures plus encumbrances totaled 64% of budget. If encumbrances totaling \$11,506,094 were excluded, the RDA would have spent only 39% of the combined budget.
- * **Water and Sewer Operations**- Water Operations revenues, including service fees, were 80% of budget. Expenditures totaled 69% of appropriations. Sewer Operations revenues, including service fees, were 69% of budget. Expenditures for sewer operations were 83% of budget. This higher percentage resulted from large debt service payments made in July and January.
- * **Investments maturing/called/sold during this period.** – During the month of March, no significant investment activity occurred. Further details of investments are included on pages 6-8 of this report.



Morgan Hill YTD Revenue & Expense Summary

March 31, 2006 – 75% Year Complete



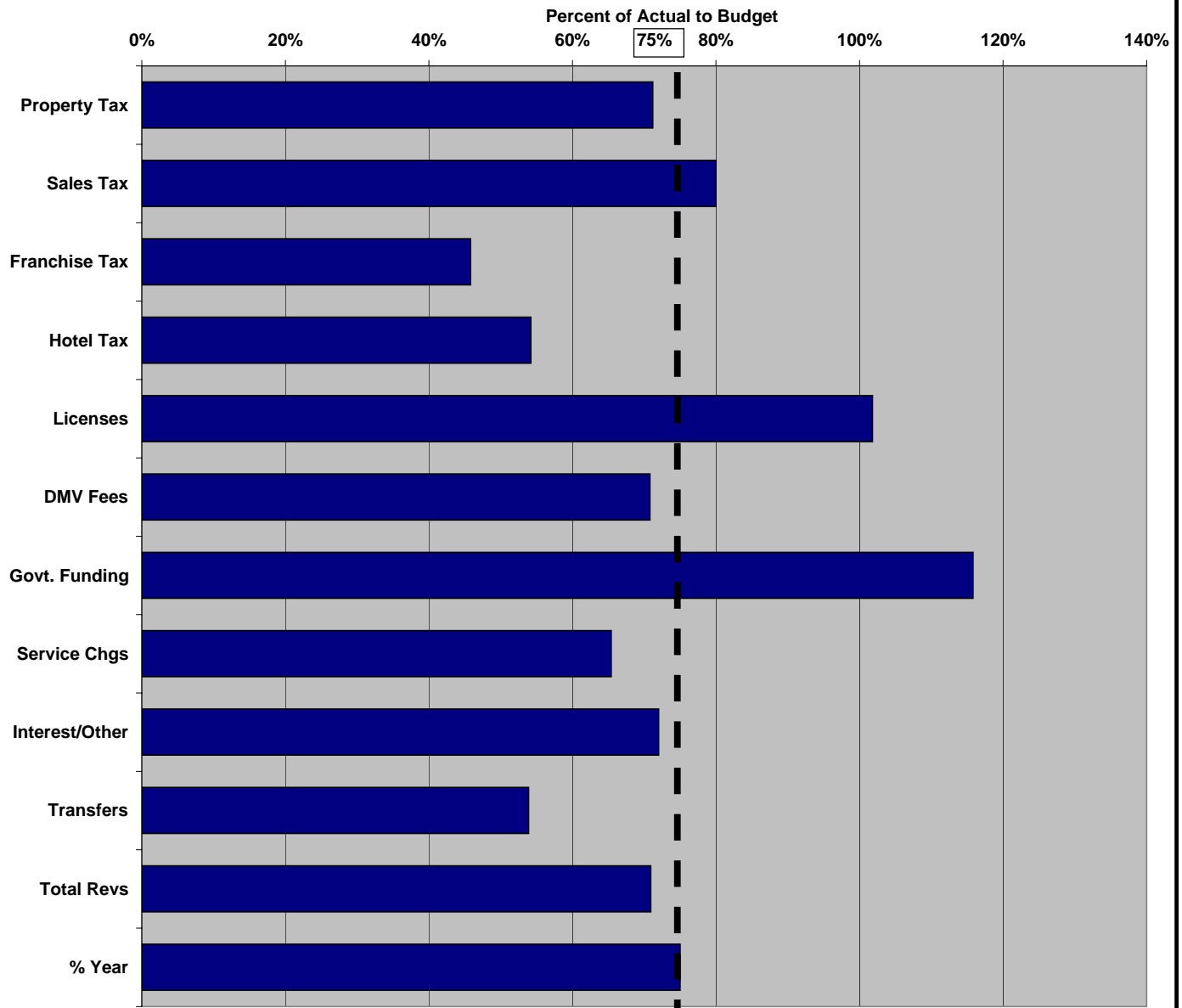
FUND NAME	REVENUES		EXPENSES		03/31/2006 UNRESTRICTED FUND BALANCE
	ACTUAL	% OF BUDGET	ACTUAL plus ENCUMBRANCES	% OF BUDGET	
General Fund	\$13,280,001	71%	\$15,741,178	77%	\$7,493,429
Community Development	2,152,975	71%	2,774,462	75%	1,744,530
RDA	12,864,074	64%	24,418,539	71%	556,865
Housing/CDBG	3,662,241	75%	4,690,078	38%	5,194,613
Sewer Operations	4,124,301	69%	5,673,785	83%	1,298,406
Sewer Other	2,728,531	118%	3,016,439	67%	12,941,895
Water Operations	6,091,413	80%	6,174,725	69%	4,040,194
Water Other	1,035,625	66%	3,094,618	44%	1,775,137
Other Special Revenues ¹	946,672	76%	753,355	27%	5,172,862
Capital Projects & Streets Funds	5,494,792	55%	5,042,462	30%	26,816,806
Debt Service Funds	596,187	82%	709,876	99%	750,107
Internal Service	4,002,091	72%	3,204,692	63%	6,264,200
Agency	2,129,025	90%	2,891,627	126%	3,747,548
TOTAL FOR ALL FUNDS	\$59,107,928	70%	\$78,185,836	64%	\$77,796,591

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds



Morgan Hill YTD General Fund Revenues

March 31, 2006 – 75% Year Complete

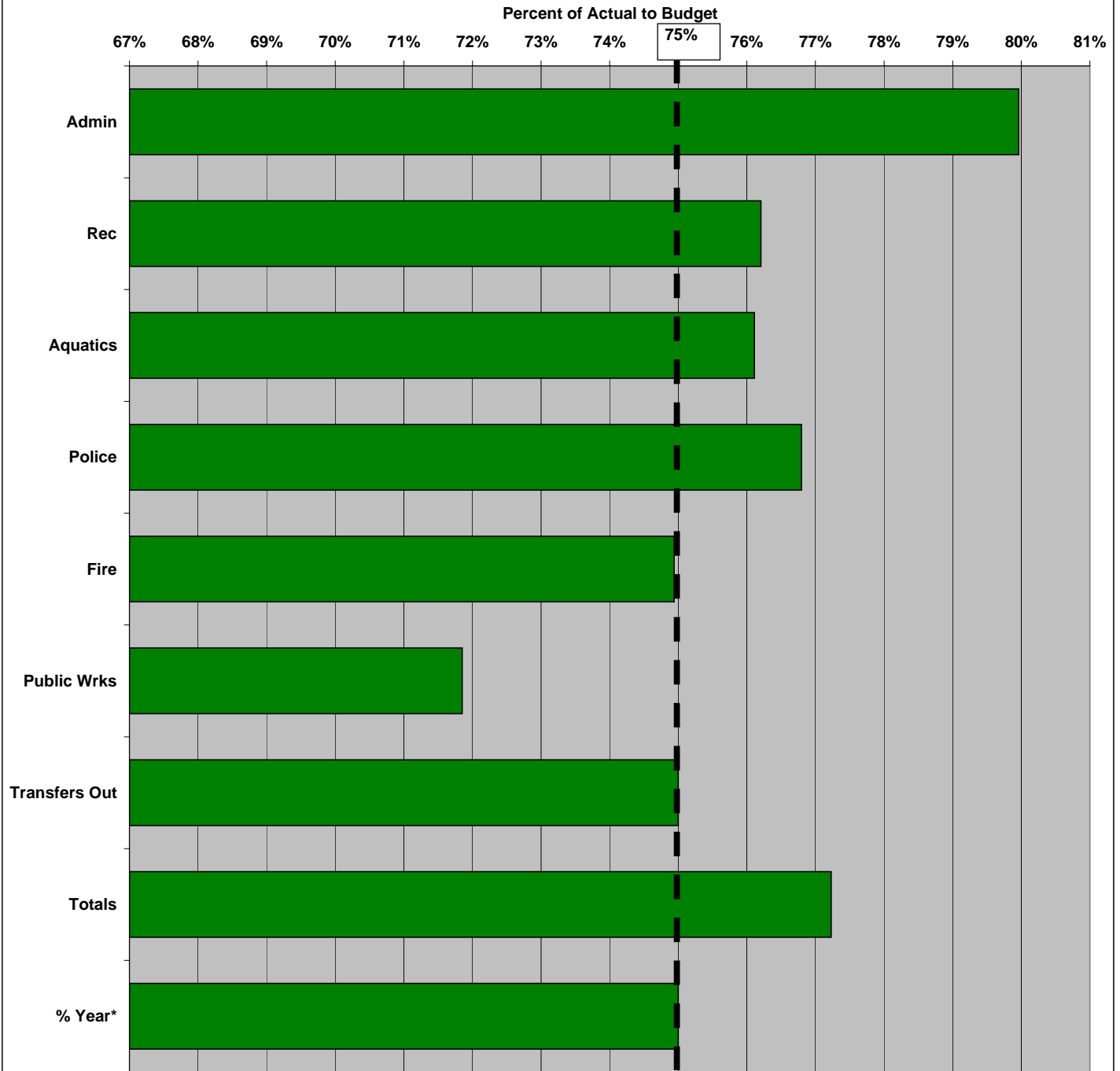


REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY RELATED TAXES	\$4,911,595	\$3,498,378	71%	\$2,798,693	25%
SALES TAXES	\$5,724,600	\$4,581,697	80%	\$3,926,589	17%
FRANCHISE FEE	\$1,030,700	\$471,839	46%	\$460,511	2%
HOTEL TAX	\$974,560	\$528,569	54%	\$483,174	9%
LICENSES/PERMITS	\$161,680	\$164,525	102%	\$156,290	5%
MOTOR VEHICLE IN LIEU	\$188,776	\$133,608	71%	\$172,604	-23%
FUNDING - OTHER GOVERNMENTS	\$246,400	\$285,279	116%	\$121,723	134%
CHARGES CURRENT SERVICES	\$3,890,825	\$2,543,361	65%	\$2,526,710	1%
INTEREST & OTHER REVENUE	\$1,151,300	\$829,345	72%	\$739,517	12%
TRANSFERS IN	\$451,865	\$243,400	54%	\$228,575	6%
TOTALS	\$18,732,301	\$13,280,001	71%	\$11,614,386	14%



Morgan Hill YTD General Fund Expenditures

March 31, 2006 – 75% Year Complete



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
ADMINISTRATION	3,375,885	2,878,847	79.96%
RECREATION/CCC	1,688,751	1,224,958	76.21%
AQUATICS	1,403,838	1,068,449	76.11%
POLICE	8,815,340	6,769,777	76.80%
FIRE	4,377,495	3,280,448	74.94%
PUBLIC WORKS	711,485	511,199	71.85%
TRANSFERS OUT	10,000	7,500	75.00%
TOTALS	\$ 20,382,794	\$ 15,741,178	77.23%

* Percent of year = 66.67%



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2005/06
For the Month of March 2006
75% of Year Completed

Fund No.	Fund	Fund Balance 06-30-05	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
010	GENERAL FUND	\$9,954,606	\$13,280,001	71%	\$15,147,549	74%	(\$1,867,548)	\$593,629	\$7,493,429	\$7,422,081	\$6,112
TOTAL GENERAL FUND		\$9,954,606	\$13,280,001	71%	\$15,147,549	74%	(\$1,867,548)	\$593,629	\$7,493,429	\$7,422,081	\$6,112
202	STREET MAINTENANCE	\$1,269,242	\$1,054,606	22%	\$1,673,574	30%	(\$618,968)	\$287,108	\$363,166	\$645,656	
204/205	PUBLIC SAFETY/SUPPL. LAW	\$256,490	\$105,007	96%	\$131,639	75%	(\$26,632)		\$229,858	\$229,856	
206	COMMUNITY DEVELOPMENT	\$2,366,017	\$2,152,975	71%	\$2,479,268	67%	(\$326,293)	\$295,194	\$1,744,530	\$2,145,354	
207	GENERAL PLAN UPDATE	\$326,302	\$194,300	86%	\$52,656	15%	\$141,644	\$59,528	\$408,418	\$469,384	
210	COMMUNITY CENTER	\$203,282	\$4,175	119%		n/a	\$4,175		\$207,457	\$207,457	
215 / 216	CDBG	152,202	\$16,187	3%	\$96,394	15%	(\$80,207)	716,495	(\$644,500)	\$74,158	
225	ASSET SEIZURE	\$8,930	\$178	11%	\$300	n/a	(\$122)		\$8,808	\$8,808	
229	LIGHTING AND LANDSCAPE	(\$4,556)	\$76,233	55%	\$117,482	86%	(\$41,249)	\$22,020	(\$67,825)	(\$44,642)	
232	ENVIRONMENTAL PROGRAMS	\$779,095	\$274,978	49%	\$238,429	50%	\$36,549	\$84,030	\$731,614	\$821,912	
234	MOBILE HOME PK RENT STAB.	\$167,364	\$9,198	93%	\$1,111	23%	\$8,087		\$175,451	\$175,332	
235	SENIOR HOUSING	\$250,448	\$5,088	74%	\$3,275	4%	\$1,813		\$252,261	\$252,261	
236	HOUSING MITIGATION	\$2,335,762	\$244,968	175%	6,352	0%	\$238,616	8,648	\$2,565,730	\$2,574,378	
240	EMPLOYEE ASSISTANCE	\$75,939	\$21,143	49%	22,205	39%	(\$1,062)		\$74,877	\$73,883	
247	ENVIRONMENT REMEDIATION	\$580,489	11,404	134%	5,680	4%	\$5,724		\$586,213	\$561,212	
TOTAL SPECIAL REVENUE FUNDS		\$8,767,006	\$4,170,440	44%	\$4,828,365	38%	(\$657,925)	\$1,473,023	\$6,636,058	\$8,195,011	
301	PARK DEV. IMPACT FUND	\$4,030,817	\$1,205,656	148%	\$122,489	4%	\$1,083,167	\$144,134	\$4,969,850		\$5,113,984
302	PARK MAINTENANCE	\$3,554,129	\$210,041	51%	\$79,569	20%	\$130,472	\$19,761	\$3,664,840	\$3,683,692	
303	LOCAL DRAINAGE	\$3,799,031	\$319,017	25%	\$11,989	1%	\$307,028		\$4,106,059		\$4,106,059
304	LOCAL DRAINAGE/NON-AB1600	\$3,456,214	\$176,136	49%	\$359,290	28%	(\$183,154)	\$139,604	\$3,133,456	\$3,193,061	
306	OPEN SPACE	\$1,249,785	\$251,148	147%	2,139		\$249,009	\$10,000	\$1,488,794	\$1,499,702	
309	TRAFFIC IMPACT FUND	\$3,319,523	\$1,241,880	110%	\$437,828	21%	\$804,052	\$688,147	\$3,435,428		\$4,140,105
311	POLICE IMPACT FUND	\$177,081	\$107,224	101%	\$242,611	93%	(\$135,387)	\$10,000	\$31,694		\$41,694
313	FIRE IMPACT FUND	\$2,516,441	\$150,225	77%	\$1,034	0%	\$149,191		\$2,665,632		\$2,665,632
317	REDEVELOPMENT AGENCY	12,182,379	\$12,864,074	64%	\$13,254,502	38%	(\$390,428)	11,235,086	\$556,865	\$11,763,742	
327 / 328	HOUSING	6,764,866	\$3,646,054	83%	\$4,019,750	39%	(\$373,696)	552,057	\$5,839,113	\$6,445,883	
340/342	MORGAN HILL BUS.RANCH I & II	24,491	\$501	16%	-		\$501	-	\$24,992	\$24,991	
346	PUBLIC FACILITIES NON-AB1600	\$786,512	\$349,461	153%	173,525		\$175,936	\$390,770	\$571,678	\$955,726	\$48,594
347	PUBLIC FACILITIES IMPACT FUND	504,550	\$222,739	287%	\$58,828	82%	\$163,911	11,168	\$657,293		\$668,461
348	LIBRARY IMPACT FUND	\$575,154	\$134,280	109%	\$152	75%	\$134,128		\$709,282		\$709,284
350	UNDERGROUNDING	1,022,340	(4,290)	-2%	\$75,745	7%	(\$80,035)	107,361	\$834,944	\$946,803	
360	COMM/REC CTR IMPACT FUND	\$83,530	76,168	-2%		7%	\$76,168		\$159,698	\$154,062	
TOTAL CAPITAL PROJECT FUNDS		\$44,046,843	\$20,950,314	71%	\$18,839,451	34%	\$2,110,863	\$13,308,088	\$32,849,618	\$28,667,662	\$17,493,811
441	POLICE FACILITY BOND DEBT	\$456,374	491,473	n/a	483,776		\$7,697		\$464,071	\$2,047	\$462,024
545	COCHRANE BUSINESS PARK	\$372,751	89,904	40%	191,454	95%	(\$101,550)		\$271,201	\$90,250	\$180,950
551	JOLEEN WAY	\$34,671	\$14,810	40%	\$34,646	95%	(\$19,836)		\$14,835	(\$2,414)	\$17,250
TOTAL DEBT SERVICE FUNDS		\$863,796	\$596,187	82%	\$709,876	99%	(\$113,689)		\$750,107	\$89,883	\$660,224



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2005/06
For the Month of March 2006
75% of Year Completed

Fund No.	Fund	Fund Balance 06-30-05	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
640	SEWER OPERATIONS	\$13,448,714	\$4,124,301	69%	\$5,567,409	81%	(\$1,443,108)	\$10,707,200	\$1,298,406	\$1,069,968	\$1,895,140
641	SEWER IMPACT FUND	11,397,916	\$2,127,050	112%	\$1,898,630	56%	\$228,420	4,785,303	\$6,841,033		\$6,805,511
642	SEWER RATE STABILIZATION	\$4,573,148	\$568,295	477%	\$1,586	75%	\$566,709		\$5,139,857	\$5,139,857	
643	SEWER-CAPITAL PROJECTS	9,525,501	\$33,186	11%	\$813,900	76%	(\$780,714)	7,783,782	\$961,005	\$1,159,701	
650	WATER OPERATIONS	\$23,612,699	\$6,091,413	80%	\$5,643,556	64%	\$447,857	\$20,020,362	\$4,040,194	\$3,957,685	\$390,180
651	WATER IMPACT FUND	3,864,636	\$427,224	75%	\$831,710	39%	(\$404,486)	3,587,053	(\$126,904)		\$3,625,700
652	WATER RATE STABILIZATION	\$26,896	\$527,807	75%	\$369	75%	\$527,438		\$554,334	\$554,334	
653	WATER -CAPITAL PROJECT	9,084,344	\$80,594	27%	\$1,181,717	50%	(\$1,101,123)	6,635,516	\$1,347,707	\$2,330,297	\$216,662
TOTAL ENTERPRISE FUNDS		\$75,533,854	\$13,979,870	80%	\$15,938,877	64%	(\$1,959,007)	\$53,519,217	\$20,055,631	\$14,211,840	\$12,933,191
730	DATA PROCESSING	482,422	\$190,651	75%	\$162,584	47%	\$28,067	353,896	\$156,593	\$299,195	
740	BUILDING MAINTENANCE	1,045,710	\$1,249,745	75%	\$943,862	68%	\$305,883	52,788	\$1,298,805	\$1,396,282	
745	CIP ADMINISTRATION	23,328	\$936,192	66%	\$950,614	68%	(\$14,422)	35,197	(\$26,291)	\$104,167	
760	UNEMPLOYMENT INS.	\$32,787	\$43,730	75%	\$7,592	14%	\$36,138		\$68,925	\$68,925	
770	WORKER'S COMP.	293,995	\$771,680	84%	\$316,115	41%	\$455,565	-	\$749,560	\$1,464,066	\$40,000
790	EQUIPMENT REPLACEMENT	3,515,756	\$381,672	69%	\$172,119	36%	\$209,553	515,481	\$3,209,828	\$3,223,694	
793	CORPORATION YARD	245,946	\$27,538	17%	\$75,019	na	(\$47,481)	256,546	(\$58,081)	\$4,043	
795	GEN'L LIABILITY INS.	\$770,280	\$400,883	79%	\$306,302	64%	\$94,581		\$864,861	\$927,935	
TOTAL INTERNAL SERVICE FUNDS		\$6,410,224	\$4,002,091	72%	\$2,934,207	58%	\$1,067,884		\$6,264,200	\$7,488,307	\$40,000
820	SPECIAL DEPOSITS									\$1,439,420	
843	M.H. BUS. RANCH 1998	\$1,548,382	\$468,554	65%	\$870,772	100%	(\$402,218)		\$1,146,164	\$253,890	\$892,274
844	MH RANCH RSMNT 2004A	\$1,051,368	588,724		\$537,418	90%	\$51,306		\$1,102,674	\$123,735	\$614,844
845	MADRONE BP-TAX EXEMPT	\$1,050,579	\$694,503		\$789,101	178%	(\$94,598)		\$955,981	(\$16,051)	\$972,031
846	MADRONE BP-TAXABLE	\$79,119	\$367,253	90%	\$396,878	457%	(\$29,625)		\$49,493	(\$21,595)	\$71,089
848	TENNANT AVE.BUS.PK A.D.	\$470,489	\$9,575	65%	\$5,045	na	\$4,530		\$475,019	\$475,019	
881	POLICE DONATION TRUST FUND	\$22,028	\$416	65%	\$4,227	na	(\$3,811)		\$18,217		\$18,218
TOTAL AGENCY FUNDS		\$4,221,965	\$2,129,025	90%	\$2,603,441	126%	(\$474,416)		\$3,747,548	\$2,254,418	\$2,568,457
SUMMARY BY FUND TYPE											
GENERAL FUND GROUP		\$9,954,606	\$13,280,001	71%	\$15,147,549	74%	(\$1,867,548)	\$593,629	\$7,493,429	\$7,422,081	\$6,112
SPECIAL REVENUE GROUP		\$8,767,006	\$4,170,440	44%	\$4,828,365	38%	(\$657,925)	\$1,473,023	\$6,636,058	\$8,195,011	
DEBT SERVICE GROUP		\$863,796	\$596,187	82%	\$709,876	99%	(\$113,689)		\$750,107	\$89,883	\$660,224
CAPITAL PROJECTS GROUP		\$44,046,843	\$20,950,314	71%	\$18,839,451	34%	\$2,110,863	\$13,308,088	\$32,849,618	\$28,667,662	\$17,493,811
ENTERPRISE GROUP		\$75,533,854	\$13,979,870	80%	\$15,938,877	64%	(\$1,959,007)	\$53,519,217	\$20,055,631	\$14,211,840	\$12,933,191
INTERNAL SERVICE GROUP		\$6,410,224	\$4,002,091	72%	\$2,934,207	58%	\$1,067,884		\$6,264,200	\$7,488,307	\$40,000
AGENCY GROUP		\$4,221,965	\$2,129,025	90%	\$2,603,441	126%	(\$474,416)		\$3,747,548	\$2,254,418	\$2,568,457
TOTAL ALL GROUPS		\$149,798,294	\$59,107,928	70%	\$61,001,766	50%	(\$1,893,838)	\$68,893,957	\$77,796,591	\$68,329,203	\$33,701,795
TOTAL CASH AND INVESTMENTS										\$102,030,999	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF March 2006
FOR THE FISCAL YEAR OF 2005-06

	Invested in Fund	Yield	Book Value End of Month	Investment Category Subtotal at Cost	% of Total	Market Value
Investments						
State Treasurer LAIF - City	All Funds Pooled	3.81%	\$17,129,729		16.79%	\$17,087,968 *
- RDA	RDA	3.81%	\$8,237,393		8.07%	\$8,217,311 *
Federal Issues	All Funds Pooled	3.20%	\$66,247,256		64.96%	\$64,706,743
SVNB CD	All Funds Pooled	3.60%	\$2,000,000		1.96%	\$2,000,000
Money Market	All Funds Pooled	4.29%	\$106,487	\$93,720,865	0.10%	\$106,487
Bond Reserve Accounts - held by trustees						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,849,400			
Blackrock Provident Temp Fund		4.32%	\$45,740		1.86%	\$1,895,140
US Bank - 1999 Water C.O.P.						
First American Treasury	Water	3.88%	\$390,180		0.38%	\$393,637
BNY - MH Water Revenue Bonds						
Blackrock Liquidity Temp Fund	Water	4.32%	\$34,940		0.03%	\$34,940
FHLB		4.50%	\$687,267		0.67%	\$697,657
Morgan Stanley Repurchase Agreement		1.64%	\$1,041,779		1.02%	\$1,041,779
BNY - MH Police Facility Lease Revenue Bonds						
JP Morgan Treasury Plus	Debt Service	4.19%	\$48,669		0.50%	\$48,669
FNMA	Public Facility	4.28%	\$461,948			\$462,597
US Bank - MH Ranch 98						
First American Treasury Obligation	Agency Fund	3.94%	\$892,274		0.87%	\$892,274
BNY - Madrone Bus Park Tax Exempt	Madrone Bus Park					
Blackrock Liquidity Temp Fund #20	Agency Fund	3.94%	\$972,840		0.95%	\$972,840
BNY - Madrone Bus Park Taxable	Madrone Bus Park					
Blackrock Liquidity Temp Fund #20	Agency Fund	3.94%	\$72,851		0.07%	\$72,851
BNY - MH Ranch 2004 A	MH Ranch Bus Park					
Blackrock Provident Temp Fund	Agency Fund	4.32%	\$614,844	\$7,112,732	0.60%	\$614,844
Other Accounts/Deposits						
General Checking	All Funds		\$419,790		0.41%	\$419,790
Dreyfuss Treas Cash Management Account	All Funds		\$585,930		0.57%	\$585,930
Borel Bank - Cash in Escrow Account	Streets/Pub Fac	0.90%	\$145,570		0.14%	\$145,570 *
Athens Administrators Workers' Comp	Workers' Comp		\$40,000		0.04%	\$40,000
Petty Cash & Emergency Cash	Various Funds		\$6,112	\$1,197,402	0.01%	\$6,112
Total Cash and Investments			\$102,030,999	\$102,030,999	100.00%	\$100,443,139
MH Financing Authority Investment in						
MH Ranch AD Imprvmt Bond Series 2004		1.75% to 4.50%	<u>\$4,795,000</u>			<u>Unavailable</u>
MH Madrone Bus Park Bond Series A		5.82%	<u>\$8,620,000</u>			<u>Unavailable</u>
MH Madrone Bus Park Bond Series B		7.07%	<u>\$1,110,000</u>			<u>Unavailable</u>

CASH ACTIVITY SUMMARY
FY 05/06

Fund Type	07/01/05 Balance	Change in Cash Balance	03/31/06 Balance	Restricted	Unrestricted
General Fund	\$10,455,185	(\$3,026,992)	\$7,428,193	\$6,112	\$7,422,081
Community Development	\$2,484,637	(\$339,283)	\$2,145,354	\$0	\$2,145,354
RDA (except Housing)	\$12,565,424	(\$801,682)	\$11,763,742	\$0	\$11,763,742
Housing / CDBG	\$7,048,619	(\$528,579)	\$6,520,040	\$0	\$6,520,040
Water - Operations	\$4,039,659	\$308,205	\$4,347,864	\$390,180	\$3,957,684
Water Other	\$7,876,280	(\$1,149,287)	\$6,726,993	\$3,842,362	\$2,884,631
Sewer - Operations	\$4,352,715	(\$1,387,608)	\$2,965,107	\$1,895,140	\$1,069,967
Sewer Other	\$13,685,930	(\$580,861)	\$13,105,069	\$6,805,511	\$6,299,558
Other Special Revenue	\$4,926,444	\$403,398	\$5,329,842	\$0	\$5,329,842
Streets and Capital Projects (except RDA)	\$26,522,147	\$2,075,359	\$28,597,506	\$17,493,811	\$11,103,695
Assessment Districts/Debt Service	\$862,668	(\$112,561)	\$750,107	\$660,223	\$89,884
Internal Service	\$6,597,707	\$930,600	\$7,528,307	\$40,000	\$7,488,307
Agency Funds	<u>\$5,329,847</u>	<u>(\$506,972)</u>	<u>\$4,822,875</u>	<u>\$2,568,457</u>	<u>\$2,254,418</u>
Total	\$106,747,262	(\$4,716,263)	\$102,030,999	\$33,701,796	\$68,329,203

Note: See Investment Portfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.
 * Market value as of 01/31/06

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by: _____
 Lourdes Reroma
 Accountant I

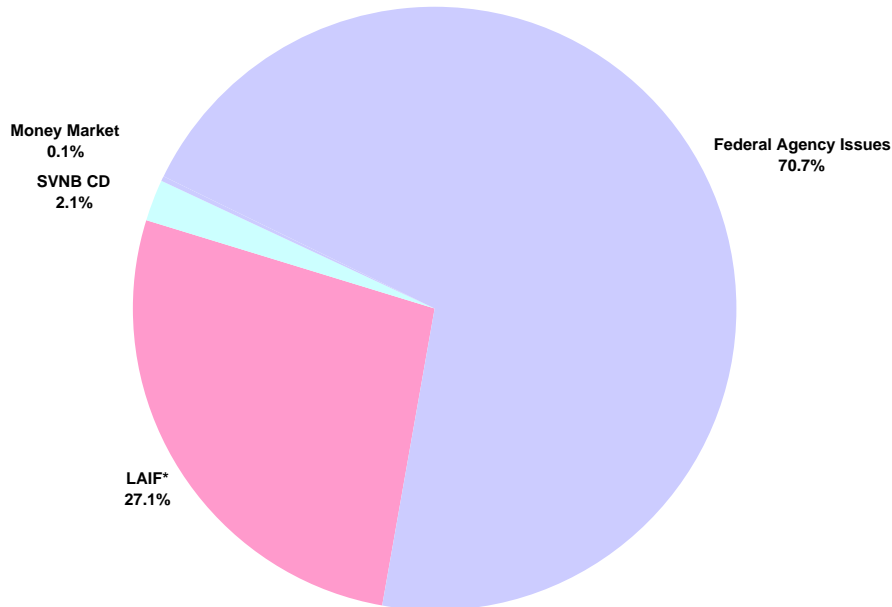
Approved by: _____
 Jack Dilles
 Director of Finance

Verified by: _____
 Tina Reza
 Assistant Director of Finance

 Mike Roorda
 City Treasurer



CITY OF MORGAN HILL INVESTMENT PORTFOLIO DETAIL as of 03/31/06



Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*									
SVNB CD	07/07/05	\$2,000,000	2.13%	\$2,000,000	3.600%	\$53,600		07/06/07	1.351
Federal Agency Issues									
Fed Home Loan Mgt Corp	10/12/04	\$2,000,000	2.13%	\$1,998,820	2.700%	\$40,565	anytime	04/12/06	0.030
Fed Home Loan Bank	02/26/04	\$2,000,000	2.13%	\$1,993,120	2.563%	\$43,351	05/26/06	05/26/06	0.151
Fed Home Loan Bank	10/26/05	\$4,000,000	4.27%	\$3,990,000	4.125%	\$71,168	07/26/06	07/26/06	0.318
Fed Home Loan Bank	11/29/04	\$2,000,000	2.13%	\$1,985,000	3.076%	\$46,396	05/28/06	08/28/06	0.408
Fed Home Loan Mgt Corp	11/30/04	\$2,000,000	2.13%	\$1,984,680	3.070%	\$46,024	08/30/06	08/30/06	0.414
Fed Home Loan Bank	03/08/05	\$1,999,709	2.13%	\$1,986,260	3.470%	\$52,738	06/08/06	09/08/06	0.438
Fed Home Loan Bank	12/15/04	\$2,000,000	2.13%	\$1,983,760	3.250%	\$48,750	06/15/06	09/15/06	0.458
Fed Home Loan Bank	03/15/05	\$1,000,000	1.07%	\$992,810	3.500%	\$26,345	06/15/06	09/15/06	0.458
Fed Home Loan Bank	12/29/05	\$4,000,000	4.27%	\$3,988,760	4.625%	\$47,266	09/29/06	09/29/06	0.496
Fed Home Loan Bank	03/29/04	\$2,000,000	2.13%	\$1,964,380	2.650%	\$39,894	12/29/06	12/29/06	0.745
Fed Home Loan Bank	03/18/04	\$2,000,000	2.13%	\$1,951,260	3.030%	\$45,615	06/18/06	06/18/07	1.214
Fed Home Loan Bank	03/29/04	\$2,000,000	2.13%	\$1,940,620	3.300%	\$49,679	09/28/06	12/28/07	1.742
Fed Home Loan Mgt Corp	03/12/03	\$2,000,000	2.13%	\$1,941,740	3.500%	\$52,690	09/12/06	03/12/08	1.948
Fed Home Loan Bank	03/26/03	\$2,000,000	2.13%	\$1,936,260	3.375%	\$50,808	anytime	03/26/08	1.986
Fed Home Loan Mgt Corp	04/16/03	\$2,000,000	2.13%	\$1,943,440	3.600%	\$54,082	04/16/06	04/16/08	2.044
Fed Home Loan Mgt Corp	04/17/03	\$1,997,547	2.13%	\$1,944,320	3.625%	\$56,348	04/17/06	04/17/08	2.047
Fed Farm Credit Bank	06/03/03	\$2,000,000	2.13%	\$1,925,000	3.210%	\$48,177	06/03/06	06/03/08	2.175
Fed Farm Credit Bank	06/12/03	\$2,000,000	2.13%	\$1,913,120	2.950%	\$44,267	04/30/06	06/12/08	2.200
Fed Home Loan Bank	07/30/03	\$2,000,000	2.13%	\$1,910,620	3.000%	\$44,917	04/30/06	07/30/08	2.332
Fed Home Loan Bank	07/30/03	\$2,000,000	2.13%	\$1,925,620	3.243%	\$48,960	04/30/06	07/30/08	2.332
Fed Home Loan Bank	07/30/03	\$2,000,000	2.13%	\$1,927,500	3.400%	\$50,906	04/30/06	07/30/08	2.332
Fed Home Loan Bank	08/14/03	\$1,250,000	1.33%	\$1,212,113	3.690%	\$34,530	05/14/06	08/14/08	2.373
Fed Home Loan Bank	10/15/03	\$2,000,000	2.13%	\$1,949,380	4.000%	\$30,046	anytime	10/15/08	2.542
Fed Farm Credit Bank	03/16/04	\$2,000,000	2.13%	\$1,919,380	3.650%	\$54,948	anytime	03/16/09	2.959
Fed Home Loan Bank	03/26/04	\$2,000,000	2.13%	\$1,936,260	4.000%	\$60,217	04/26/06	03/26/09	2.986
Fed Home Loan Bank	04/06/04	\$2,000,000	2.13%	\$1,916,260	3.625%	\$54,469	anytime	04/06/09	3.016
Fed Home Loan Bank	04/07/04	\$2,000,000	2.13%	\$1,915,000	3.600%	\$54,092	04/07/06	04/07/09	3.019
Fed National Mortgage	04/16/04	\$2,000,000	2.13%	\$1,923,120	3.750%	\$56,335	04/06/06	04/16/09	3.044
Fed Home Loan Bank	04/29/04	\$2,000,000	2.13%	\$1,921,260	3.750%	\$56,321	04/29/06	04/29/09	3.079
Fed Home Loan Bank	09/29/05	\$2,000,000	2.13%	\$1,959,380	4.650%	\$47,258	09/29/06	09/29/09	3.499
Fed Home Loan Bank	08/16/05	\$2,000,000	2.13%	\$1,973,120	4.875%	\$60,601	08/16/06	08/16/10	4.378
Fed Farm Credit Bank	08/30/05	\$2,000,000	2.13%	\$1,954,380	4.810%	\$56,465	09/07/07	09/07/10	4.438
Redeemed in FY 05/06						\$53,772			
Sub Total/Average		\$66,247,256	70.69%	\$64,706,743	3.204%	\$1,628,000			2.011
Money Market									
		\$106,487	0.11%	\$106,487	4.290%	\$21,543			0.003
TOTAL/AVERAGE		\$93,720,865	100.00%	\$92,118,509	3.658%	\$2,349,702			1.389

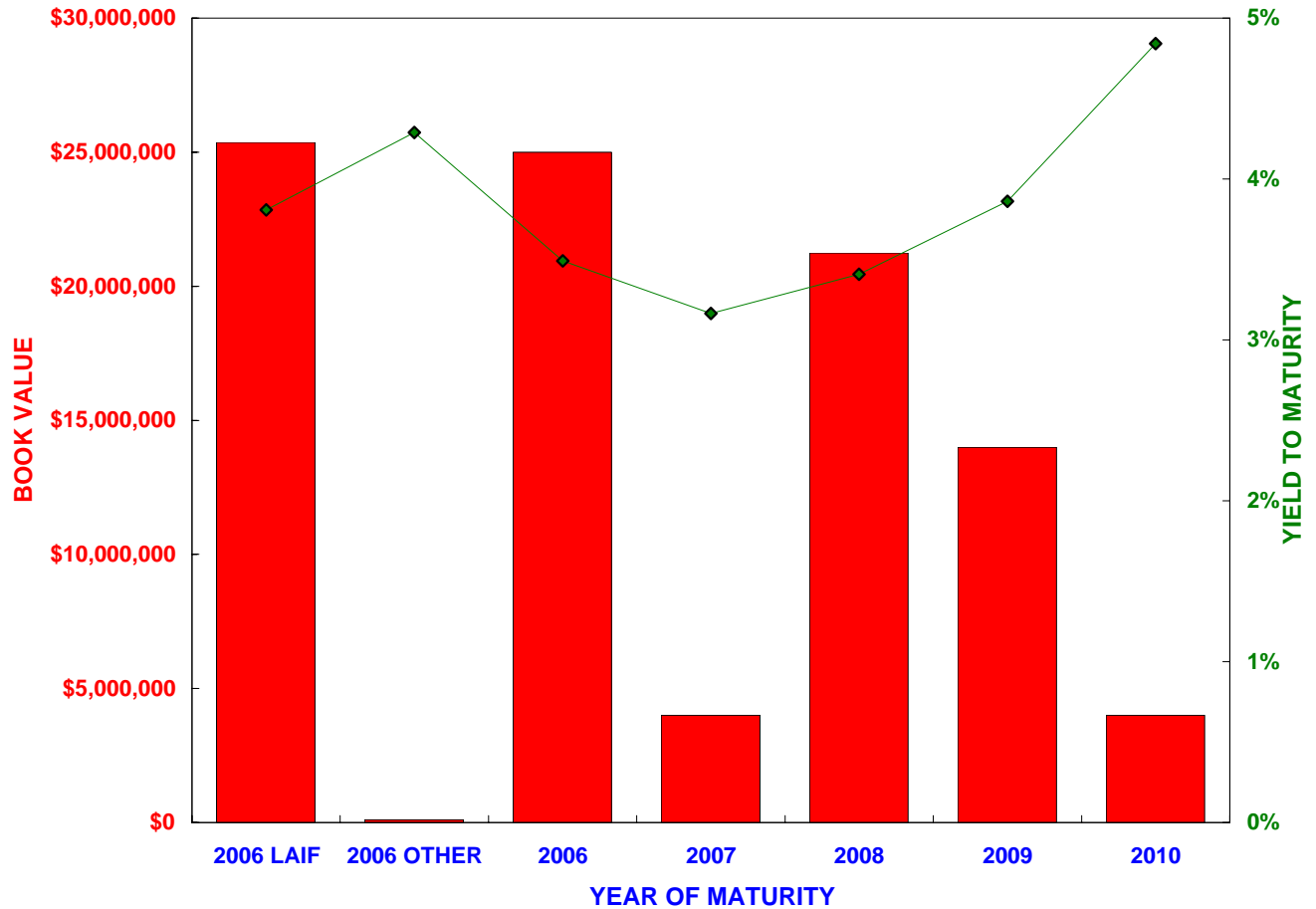
*Per State Treasurer Report dated 02/28/2006, LAIF had invested approximately 10% of its balance in Treasury Bills and Notes, 18% in CDs, 16% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 56% in others.



CITY OF MORGAN HILL

INVESTMENT MATURITIES

AS OF MARCH 31, 2006



YEAR OF MATURITY	BOOK VALUE	MARKET VALUE	AVERAGE RATE	% OF TOTAL
2006 LAIF	\$25,367,122	\$25,305,279	3.808%	27.07%
2006 OTHER	\$106,487	\$106,487	4.290%	0.11%
2006	\$24,999,709	\$24,867,590	3.490%	26.67%
2007	\$4,000,000	\$3,891,880	3.165%	4.27%
2008	\$21,247,547	\$20,529,113	3.408%	22.67%
2009	\$14,000,000	\$13,490,660	3.861%	14.94%
2010	\$4,000,000	\$3,927,500	4.843%	4.27%
TOTAL	\$93,720,866	\$92,118,509	3.658%	100.00%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of March 2006
75% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
<u>TAXES</u>							
Property Taxes - Secured/Unsecured/Prio	4,356,790	4,356,790	2,944,093	68%	2,364,764	579,329	24%
Supplemental Roll	176,280	176,280	258,841	147%	132,436	126,405	95%
Sales Tax	5,460,000	5,460,000	4,411,822	81%	3,762,531	649,291	17%
Public Safety Sales Tax	264,600	264,600	169,875	64%	164,058	5,817	4%
Transient Occupancy Taxes	974,560	974,560	528,569	54%	483,174	45,395	9%
Franchise (Refuse ,Cable ,PG&E)	1,030,700	1,030,700	471,839	46%	460,511	11,328	2%
Property Transfer Tax	378,525	378,525	295,444	78%	301,493	(6,049)	-2%
TOTAL TAXES	12,641,455	12,641,455	9,080,483	72%	7,668,967	1,411,516	18%
<u>LICENSES/PERMITS</u>							
Business License	159,650	159,650	162,542	102%	154,386	8,156	5%
Other Permits	2,030	2,030	1,983	98%	1,904	79	4%
TOTAL LICENSES/PERMITS	161,680	161,680	164,525	102%	156,290	8,235	5%
<u>FINES AND PENALTIES</u>							
Parking Enforcement	10,000	10,000	14,850	149%	7,054	7,796	111%
City Code Enforcement	53,500	53,500	87,843	164%	37,720	50,123	133%
Business tax late fee/other fines	1,200	1,200	3,099	258%	1,338	1,761	132%
TOTAL FINES AND PENALTIES	64,700	64,700	105,792	164%	46,112	59,680	129%
<u>OTHER AGENCIES</u>							
Motor Vehicle in-Lieu	188,776	188,776	133,608	71%	172,604	(38,996)	-23%
Other Revenue - Other Agencies	246,400	246,400	285,279	116%	121,723	163,556	134%
TOTAL OTHER AGENCIES	435,176	435,176	418,887	96%	294,327	124,560	42%
<u>CHARGES CURRENT SERVICES</u>							
False Alarm Charge	25,000	25,000	18,364	73%	13,834	4,530	33%
Business License Application Review	23,000	23,000	19,036	83%	19,188	(152)	-1%
Recreation Revenue	282,400	282,400	211,394	75%	196,667	14,727	7%
Aquatics Revenue	1,265,400	1,265,400	752,386	59%	765,176	(12,790)	-2%
General Administration Overhead	1,791,375	1,791,375	1,343,533	75%	1,345,388	(1,855)	0%
Other Charges Current Services	503,650	503,650	198,648	39%	186,457	12,191	7%
TOTAL CURRENT SERVICES	3,890,825	3,890,825	2,543,361	65%	2,526,710	16,651	1%
<u>OTHER REVENUE</u>							
Use of money/property	438,750	438,750	454,461	104%	645,945	(191,484)	-30%
Recreation Rentals	484,250	484,250	227,661	47%		227,661	n/a
Other Revenues	163,600	163,600	41,431	25%	47,460	(6,029)	-13%
TOTAL OTHER REVENUE	1,086,600	1,086,600	723,553	67%	693,405	30,148	4%
<u>TRANSFERS IN</u>							
Park Maintenance	125,000	125,000	62,500	50%	31,250	31,250	100%
Sewer Enterprise	41,200	41,200	30,900	75%	15,000	15,900	106%
Water Enterprise	20,000	20,000	15,000	75%	15,000	-	n/a
Public Safety	175,000	175,000	131,250	75%	131,250	-	n/a
Community Rec Center	85,665	85,665		n/a		-	n/a
HCD Block Grant	5,000	5,000	3,750	75%		3,750	n/a
Other Funds	-	-	-	n/a	36,075	(36,075)	-100%
TOTAL TRANSFERS IN	451,865	451,865	243,400	54%	228,575	14,825	6%
TOTAL GENERAL FUND	18,732,301	18,732,301	13,280,001	71%	11,614,386	1,665,615	14%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of March 2006
75% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
<u>202 STREET MAINTENANCE</u>							
Gas Tax 2105 - 2107.5	699,600	699,600	394,439	56%	505,858	(111,419)	-22%
CIP Grants	3,325,000	3,325,000		n/a		-	n/a
Reimbursement of Expenses	26,000	26,000	66,970	258%		66,970	n/a
Transfers In	700,000	700,000	500,000	71%	475,000	25,000	5%
Project Reimbursement		-		n/a	331,868	(331,868)	-100%
Interest / Other Revenue/Other Charges	41,000	41,000	93,197	227%	55,883	37,314	67%
202 STREET MAINTENANCE	4,791,600	4,791,600	1,054,606	22%	1,368,609	(314,003)	-23%
<u>204/205 PUBLIC SAFETY TRUST</u>							
Interest Income	8,885	8,885	5,007	56%	5,360	(353)	-7%
Police Grant/SLEF	100,000	100,000	100,000	100%	100,000	-	n/a
204/205 PUBLIC SAFETY TRUST	108,885	108,885	105,007	96%	105,360	(353)	0%
<u>206 COMMUNITY DEVELOPMENT</u>							
Building Fees	1,483,000	1,483,000	1,117,989	75%	1,391,922	(273,933)	-20%
Planning Fees	616,800	616,800	518,564	84%	530,460	(11,896)	-2%
Engineering Fees	875,000	875,000	463,496	53%	1,039,116	(575,620)	-55%
Other Revenue/Current Charges	48,620	48,620	52,926	109%	36,429	16,497	45%
Transfers	-	-		n/a	-	-	n/a
206 COMMUNITY DEVELOPMENT	3,023,420	3,023,420	2,152,975	71%	2,997,927	(844,952)	-28%
207 GENERAL PLAN UPDATE	145,286	225,286	194,300	86%	102,026	92,274	90%
<u>215 and 216 HCD BLOCK GRANT</u>							
HCD allocation	396,714	396,714	15,521	4%		15,521	n/a
CIP Grants	100,000	100,000		n/a			n/a
Interest Income/Other Revenue	1,460	1,460	666	46%	18,049	(17,383)	-96%
215 and 216 HCD BLOCK GRANT	498,174	498,174	16,187	3%	18,049	(1,862)	-10%
210 COMMUNITY CENTER	3,500	3,500	4,175	119%	39,482	(35,307)	-89%
225 ASSET SEIZURE	1,664	1,664	178	11%	17,003	(16,825)	-99%
229 LIGHTING AND LANDSCAPE	138,000	138,000	76,233	55%	69,928	6,305	9%
232 ENVIRONMENTAL PROGRAMS	533,050	565,050	274,978	49%	236,145	38,833	16%
234 MOBILE HOME PARK RENT STAB.	9,873	9,873	9,198	93%	8,049	1,149	14%
235 SENIOR HOUSING	6,890	6,890	5,088	74%	4,271	817	19%
236 HOUSING MITIGATION	140,000	140,000	244,968	175%	245,835	(867)	0%
240 EMPLOYEE ASSISTANCE	42,768	42,768	21,143	49%	25,070	(3,927)	-16%
247 ENVIRONMENT REMEDIATION	8,500	8,500	11,404	134%	9,662	1,742	18%
TOTAL SPECIAL REVENUE FUNDS	9,451,610	9,563,610	4,170,440	44%	5,247,416	(1,076,976)	-21%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of March 2006
75% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	814,768	814,768	1,205,656	148%	904,817	300,839	33%
302 PARK MAINTENANCE	415,557	415,557	210,041	51%	574,434	(364,393)	-63%
303 LOCAL DRAINAGE	1,276,297	1,276,297	319,017	25%	529,517	(210,500)	-40%
304 LOCAL DRAINAGE/NON AB1600	356,795	356,795	176,136	49%	229,459	(53,323)	-23%
306 OPEN SPACE	170,972	170,972	251,148	147%	333,454	(82,306)	-25%
309 TRAFFIC MITIGATION	1,128,092	1,128,092	1,241,880	110%	846,812	395,068	47%
311 POLICE MITIGATION	105,743	105,743	107,224	101%	135,522	(28,298)	-21%
313 FIRE MITIGATION	195,345	195,345	150,225	77%	143,389	6,836	5%
317 RDA CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	15,169,461	15,169,461	10,539,381	69%	8,292,646	2,246,735	27%
Loan Proceeds	4,500,000	4,500,000	716,235	16%		716,235	n/a
Interest Income, Rents	297,947	297,947	575,597	193%	121,383	454,214	374%
Other Agencies/Current Charges/Transfer	-	-	1,032,861	n/a	334,529	698,332	209%
317 RDA CAPITAL PROJECTS	19,967,408	19,967,408	12,864,074	64%	8,748,558	4,115,516	47%
327/328 RDA L/M HOUSING							
Property Taxes & Supplemental Roll	4,402,175	4,402,175	3,028,484	69%	2,362,423	666,061	28%
Interest Income, Rent	10,450	10,450	213,617	2044%	155,492	58,125	37%
Transfers/Other	-	-	403,953		1,181	402,772	34104%
327/328 RDA L/M HOUSING	4,412,625	4,412,625	3,646,054	83%	2,519,096	1,126,958	45%
346 PUBLIC FACILITIES NON-AB1600	228,008	228,008	349,461	153%	7,066,002	(6,716,541)	-95%
347 PUBLIC FACILITIES	77,720	77,720	222,739	287%	105,242	117,497	112%
348 LIBRARY	123,155	123,155	134,280	109%	72,009	62,271	86%
350 UNDERGROUNDING	189,883	189,883	(4,290)	-2%	167,951	(172,241)	-103%
340/342 MH BUS.RANCH CIP I & II	3,145	3,145	501	16%	1,379	(878)	-64%
360 COMMUNITY/REC IMPACT FUND	80,719	80,719	76,168	94%	59,138	17,030	29%
TOTAL CAPITAL PROJECTS FUNDS	29,546,232	29,546,232	20,950,314	71%	22,436,779	(1,486,465)	-7%
DEBT SERVICE FUNDS							
441 POLICE FACILITY BOND	483,763	483,763	491,473	102%	578,682	(87,209)	-15%
536 ENCINO HILLS	-	-		n/a		-	n/a
539 MORGAN HILL BUSINESS PARK	-	-		n/a		-	n/a
542 SUTTER BUSINESS PARK	-	-		n/a		-	n/a
545 COCHRANE BUSINESS PARK	206,304	206,304	89,904	44%	108,053	(18,149)	-17%
551 JOLEEN WAY	37,016	37,016	14,810	40%	40,526	(25,716)	-63%
TOTAL DEBT SERVICE FUNDS	727,083	727,083	596,187	82%	727,261	(131,074)	-18%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of March 2006
75% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	5,600,535	5,600,535	3,917,552	70%	3,986,112	(68,560)	-2%
Interest Income	191,414	191,414	118,055	62%	82,953	35,102	42%
Other Revenue/Current Charges	142,600	142,600	88,694	62%	127,939	(39,245)	-31%
640 SEWER OPERATION	5,934,549	5,934,549	4,124,301	69%	4,197,004	(72,703)	-2%
641 SEWER EXPANSION							
Interest Income	345,048	345,048	136,933	40%	107,696	29,237	27%
Connection Fees	1,560,000	1,560,000	1,989,524	128%	1,687,331	302,193	18%
Other	-	-	593	n/a	594	(1)	0%
641 SEWER EXPANSION	1,905,048	1,905,048	2,127,050	112%	1,795,621	331,429	18%
642 SEWER RATE STABILIZATION	119,167	119,167	568,295	477%	67,338	500,957	744%
643 SEWER-CAPITAL PROJECT	294,560	294,560	33,186	11%	40,815	(7,629)	-19%
TOTAL SEWER FUNDS	8,253,324	8,253,324	6,852,832	83%	6,100,778	752,054	12%
650 WATER OPERATION							
Water Sales	6,229,900	6,229,900	5,012,318	80%	4,686,105	326,213	7%
Meter Install & Service	70,000	70,000	43,895	63%	100,586	(56,691)	-56%
Transfers-In, and Interest Income	472,202	472,202	268,139	57%	89,560	178,579	199%
Other Revenue/Current Charges	879,500	879,500	767,061	87%	556,893	210,168	38%
650 WATER OPERATION	7,651,602	7,651,602	6,091,413	80%	5,433,144	658,269	12%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	207,076	207,076	87,588	42%	5,428,572	(5,340,984)	-98%
Water Connection Fees	362,000	362,000	339,636	94%	362,763	(23,127)	-6%
651 WATER EXPANSION	569,076	569,076	427,224	75%	5,791,335	(5,364,111)	-93%
652 Water Rate Stabilization	702,000	702,000	527,807	75%	447	527,360	117978%
653 Water Capital Project	297,217	297,217	80,594	27%	2,451,085	(2,370,491)	-97%
TOTAL WATER FUNDS	9,219,895	9,219,895	7,127,038	77%	13,676,011	(6,548,973)	-48%
TOTAL ENTERPRISE FUNDS	17,473,219	17,473,219	13,979,870	80%	19,776,789	(5,796,919)	-29%
INTERNAL SERVICE FUNDS							
730 INFORMATION SERVICES	254,202	254,202	190,651	75%	222,253	(31,602)	-14%
740 BUILDING MAINTENANCE SERVICES	1,666,477	1,666,477	1,249,745	75%	1,239,458	10,287	1%
745 CIP ADMINISTRATION	1,415,000	1,415,000	936,192	66%	841,743	94,449	11%
760 UNEMPLOYMENT INSURANCE	58,305	58,305	43,730	75%	30,243	13,487	45%
770 WORKERS COMPENSATION	920,509	920,509	771,680	84%	691,367	80,313	12%
790 EQUIPMENT REPLACEMENT	538,545	552,063	381,672	69%	278,933	102,739	37%
793 CORPORATION YARD COMMISSION	14,350	159,100	27,538	17%	49,539	(22,001)	-44%
795 GENERAL LIABILITY INSURANCE	506,470	506,470	400,883	79%	334,939	65,944	20%
TOTAL INTERNAL SERVICE FUNDS	5,373,858	5,532,126	4,002,091	72%	3,688,475	313,616	9%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of March 2006
75% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	-	-	261,965	n/a	284,041	(22,076)	-8%
842 M.H. BUS.RANCH A.D. II	-	-	25,365	n/a	25,232	133	1%
843 M.H. BUS.RANCH 1998	898,976	898,976	468,554	52%	676,451	(207,897)	-31%
844 M.H. RANCH REFUNDING 2004A	612,433	900,619	301,394	33%	390,821	(89,427)	-23%
845 MADRONE BP-TAX EXEMPT	462,228	462,228	694,503	150%	426,847	267,656	63%
846 MADRONE BP-TAXABLE	91,543	91,543	367,253	401%	69,724	297,529	427%
848 TENNANT AVE.BUS.PK A.D.	12,909	12,909	9,575	74%	34,778	(25,203)	-72%
881 POLICE DONATION TRUST FUND	642	642	416	65%	361	55	15%
TOTAL AGENCY FUNDS	2,078,731	2,366,917	2,129,025	90%	1,908,255	220,770	12%
TOTAL FOR ALL FUNDS	83,383,034	83,941,488	59,107,928	70%	65,399,361	(4,580,845)	-7%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2005/06
For the Month of March 2006
75% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
010 GENERAL FUND								
I. GENERAL GOVERNMENT								
	COUNCIL AND MISCELLANEOUS GOVT.							
	City Council	16,385	207,749	133,432	2,886	136,318	66%	126,032
	Community Promotions	1,671	52,627	35,838	-	35,838	68%	11,649
	COUNCIL AND MISCELLANEOUS GOVT.	18,056	260,376	169,270	2,886	172,156	66%	137,681
	CITY ATTORNEY	119,893	721,690	589,619	363,876	953,495	132%	644,313
	CITY MANAGER							
	City Manager	34,779	330,948	254,009		254,009	77%	228,550
	Cable Television	1,297	37,611	24,822	4,352	29,174	78%	32,915
	Communications & Marketing	12,114	171,792	143,845	5,140	148,985	87%	43,014
	CITY MANAGER	48,190	540,351	422,676	9,492	432,168	80%	304,479
	RECREATION							
	Recreation	46,660	311,071	157,073	418	157,491	51%	211,775
	Community & Cultural Center	106,044	1,280,015	927,355	127,652	1,055,007	82%	815,119
	Aquatics Center	128,680	1,403,838	1,057,457	10,992	1,068,449	76%	1,079,332
	Indoor Recreation Center	506	97,665	12,460	-	12,460	13%	-
	RECREATION	281,890	3,092,589	2,154,345	139,062	2,293,407	74%	2,106,226
	HUMAN RESOURCES							
	Human Resources	48,302	488,604	360,996	-	360,996	74%	360,257
	HUMAN RESOURCES	48,302	488,604	360,996	-	360,996	74%	360,257
	COUNCIL SERV & RECORDS MGMT							
	Council Serv & Records Mgmt	28,421	258,991	189,568		189,568	73%	186,229
	Elections	5,014	123,788	34,904	-	34,904	28%	74,460
	CITY CLERK	33,435	382,779	224,472	-	224,472	59%	260,689
	FINANCE	96,780	982,085	731,044	4,516	735,560	75%	655,460
	TOTAL GENERAL GOVERNMENT	646,546	6,468,474	4,652,422	519,832	5,172,254	80%	4,469,105
II. PUBLIC SAFETY								
	POLICE							
	PD Administration	68,512	812,406	680,630		680,630	84%	481,503
	Field Operations	496,681	4,236,902	3,579,441	3,313	3,582,754	85%	2,889,856
	Support Services	99,306	1,040,162	721,354		721,354	69%	636,321
	Emergency Services/Haz Mat	7,116	53,507	32,452	4,013	36,465	68%	12,042
	Special Operations	131,481	1,486,523	1,028,403	6,928	1,035,331	70%	984,326
	Animal Control	9,102	102,859	65,791		65,791	64%	65,452
	Dispatch Services	97,047	1,082,981	646,643	809	647,452	60%	612,123
	POLICE	909,245	8,815,340	6,754,714	15,063	6,769,777	77%	5,681,623
	FIRE	374,502	4,377,495	3,239,089	41,359	3,280,448	75%	3,145,893
	TOTAL PUBLIC SAFETY	1,283,747	13,192,835	9,993,803	56,422	10,050,225	76%	8,827,516
III. COMMUNITY IMPROVEMENT								
	PARK MAINTENANCE	52,286	711,485	493,824	17,375	511,199	72%	472,026
	TOTAL COMMUNITY IMPROVEMENT	52,286	711,485	493,824	17,375	511,199	72%	472,026



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2005/06
For the Month of March 2006
75% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
IV. TRANSFERS								
	General Plan Update	833	10,000	7,500	-	7,500	75%	
	Other							124,310
	TOTAL TRANSFERS	833	10,000	7,500	-	7,500	75%	124,310
	TOTAL GENERAL FUND	1,983,412	20,382,794	15,147,549	593,629	15,741,178	77%	13,892,957
SPECIAL REVENUE FUNDS								
202 STREET MAINTENANCE								
	Street Maintenance/Traffic	188,695	1,909,134	1,206,689	57,089	1,263,778	66%	1,159,622
	Congestion Management	4,899	84,994	46,814	-	46,814	55%	42,936
	Street CIP	23,844	3,505,127	420,071	230,019	650,090	19%	208,501
	202 STREET MAINTENANCE	217,438	5,499,255	1,673,574	287,108	1,960,682	36%	1,411,059
204/205	PUBLIC SAFETY/SUPP.LAW	14,627	175,519	131,639		131,639	75%	131,640
206 COMMUNITY DEVELOPMENT FUND								
	Planning	131,176	1,323,006	871,840	77,513	949,353	72%	839,255
	Building	125,680	1,205,324	829,269	89,753	919,022	76%	631,357
	PW-Engineering	98,322	1,188,372	778,159	127,928	906,087	76%	664,845
	206 COMMUNITY DEVELOPMENT FUND	355,178	3,716,702	2,479,268	295,194	2,774,462	75%	2,135,457
207	GENERAL PLAN UPDATE	4,376	353,205	52,656	59,528	112,184	32%	25,071
210	COMMUNITY CENTER		85,665			-	n/a	
215/216	CDBG	18,508	633,529	96,394	231,877	328,271	52%	68,989
225	ASSET SEIZURE		-	300		300	n/a	45,794
229	LIGHTING AND LANDSCAPE	7,299	136,103	117,482	22,020	139,502	102%	101,967
232	ENVIRONMENT PROGRAMS	19,925	479,055	238,429	84,030	322,459	67%	220,906
234	MOBILE HOME PARK	123	4,832	1,111		1,111	23%	10,641
235	SENIOR HOUSING TRUST FUND		80,700	3,275		3,275	4%	3,806
236	HOUSING MITIGATION FUND		1,315,000	6,352	8,648	15,000	1%	-
240	EMPLOYEE ASSISTANCE	3,585	57,500	22,205	-	22,205	39%	33,325
247	ENVIRONMENT REMEDIATION FUND		152,500	5,680	-	5,680	4%	
	TOTAL SPECIAL REVENUE FUNDS	641,059	12,689,565	4,828,365	988,405	5,816,770	46%	4,188,655
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	(6,046)	3,077,511	122,489	144,134	266,623	9%	70,742
302	PARK MAINTENANCE	3,556	405,312	79,569	19,761	99,330	25%	31,883
303	LOCAL DRAINAGE	128	1,911,534	11,989		11,989	1%	1,152
304	LOCAL DRAIN. NON-AB1600	267,620	1,277,666	359,290	139,604	498,894	39%	34,187
306	OPEN SPACE			2,139		2,139	n/a	492
309	TRAFFIC MITIGATION	97,238	2,133,232	437,828	688,147	1,125,975	53%	352,831
311	POLICE MITIGATION	494	260,887	242,611	10,000	252,611	97%	69,336
313	FIRE MITIGATION	115	526,378	1,034		1,034	0%	1,035
317	RDA BUSINESS ASSISTANCE	2,270,216	34,437,282	13,254,502	11,164,037	24,418,539	71%	5,700,238
327/328	RDA HOUSING	348,360	10,209,748	4,019,750	342,057	4,361,807	43%	2,550,308
340/342	MH BUS RANCH CIP					-	n/a	74,212
346	PUBLIC FAC.NON AB1600	3,634	623,698	173,525	390,770	564,295	90%	6,925,938
347	PUBLIC FACILITIES	8,512	71,363	58,828	11,168	69,996	98%	1,024
348	LIBRARY IMPACT	17	202	152		152	75%	151
350	UNDERGROUNDING	65,674	1,119,346	75,745	107,361	183,106	16%	1,292
360	COMM/REC CTR IMPACT	5,636	180,000	5,636		5,636	3%	
	TOTAL CAPITAL PROJECTS FUNDS	3,065,154	56,234,159	18,845,087	13,017,039	31,862,126	57%	15,814,821



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2005/06
For the Month of March 2006
75% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
DEBT SERVICE FUNDS								
441	POLICE FACILITY BOND DEBT	3	483,763	483,776	-	483,776	100%	122,371
545	COCHRANE BUS. PARK A.D.	735	194,625	191,454	-	191,454	98%	190,678
551	JOLEEN WAY A.D.	4,704	36,487	34,646	-	34,646	95%	37,350
TOTAL DEBT SERVICE FUNDS		5,442	714,875	709,876	-	709,876	99%	350,399
ENTERPRISE FUNDS								
SEWER								
640	SEWER OPERATION	496,151	6,843,978	5,567,409	106,376	5,673,785	83%	5,029,419
641	CAPITAL EXPANSION	75,545	3,413,501	1,898,630	103,627	2,002,257	59%	577,681
642	SEWER RATE STABILIZATION	176	2,114	1,586		1,586	75%	1,588
643	SEWER-CAPITAL PROJECTS	355,711	1,064,115	813,900	198,696	1,012,596	95%	631,743
TOTAL SEWER FUND(S)		927,583	11,323,708	8,281,525	408,699	8,690,224	77%	6,240,431
WATER								
	Water Operations Division	557,292	7,518,128	4,775,878	317,054	5,092,932	68%	4,019,833
	Meter Reading/Repair	123,369	781,457	506,235	146,660	652,895	84%	470,620
	Utility Billing	42,515	460,975	315,685	15,883	331,568	72%	283,974
	Water Conservation	7,676	124,708	45,758	51,572	97,330	78%	35,410
650	WATER OPERATIONS	730,852	8,885,268	5,643,556	531,169	6,174,725	69%	4,809,837
651	CAPITAL EXPANSION	231,226	2,154,644	831,710	107,009	938,719	44%	793,849
652	WATER RATE STABILIZATION	41	492	369		369	75%	370
653	WATER-CAPITAL PROJECTS	174,205	2,370,904	1,181,717	973,813	2,155,530	91%	631,129
TOTAL WATER FUND(S)		1,136,324	13,411,308	7,657,352	1,611,991	9,269,343	69%	6,235,185
TOTAL ENTERPRISE FUNDS		2,063,907	24,735,016	15,938,877	2,020,690	17,959,567	73%	12,475,616
INTERNAL SERVICE FUNDS								
730	INFORMATION SERVICES	6,760	345,465	162,584	140,226	302,810	88%	299,652
740	BUILDING MAINTENANCE	124,909	1,383,292	943,862	52,788	996,650	72%	936,805
745	CIP ENGINEERING	137,070	1,398,173	950,614	25,585	976,199	70%	842,333
760	UNEMPLOYMENT		55,000	7,592		7,592	14%	27,070
770	WORKERS COMPENSATION	32,786	770,075	316,115	-	316,115	41%	410,781
790	EQUIPMENT REPLACEMENT	132,060	483,345	172,119	13,867	185,986	38%	20,901
793	CORP YARD COMMISSION	9,688	166,051	75,019	38,019	113,038	68%	83,878
795	GEN. LIABILITY INSURANCE	(465)	480,800	306,302		306,302	64%	327,088
TOTAL INTERNAL SERVICE FUNDS		442,808	5,082,201	2,934,207	270,485	3,204,692	63%	2,948,508
AGENCY FUNDS								
841	MORGAN HILL BUS RANCH I		264,578	264,578	-	264,578	100%	378,934
842	MORGAN HILL BUS RANCH II		23,608	23,608	-	23,608	100%	7,185
843	MORGAN HILL BUS RANCH 98	948	867,265	870,772		870,772	100%	866,729
844	MH RANCH RSMNT 2004A	3,487	595,583	537,418	-	537,418	90%	177,973
845	MADRONE BP-TAX EXEMPT	515,730	443,763	789,101	-	789,101	178%	506,124
846	MADRONE BP-TAXABLE	290,296	86,939	396,878	-	396,878	457%	103,800
848	TENNANT AVE BUS PARK AD	561	6,727	5,045	-	5,045	75%	-
881	POLICE DONATION TRUST	1,545	-	4,227	-	4,227	n/a	-
TOTAL AGENCY FUNDS		812,567	2,288,463	2,891,627	-	2,891,627	126%	2,040,745
REPORT TOTAL		9,014,349	122,127,073	61,295,588	16,890,248	78,185,836	64%	51,711,701



YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

	Sewer Operations				Water Operations			
	Budget	YTD	% of Budget	Prior YTD	Budget	YTD	% of Budget	Prior YTD
Operations								
Revenues								
Service Charges	\$ 5,600,535	\$ 3,917,552	70%	\$ 3,986,112	\$ 6,229,900	\$ 5,012,318	80%	\$ 4,686,105
Meter Install & Service					70,000	43,895	63%	100,586
Other	142,600	88,694	62%	127,939	879,500	767,061	87%	577,102
Total Operating Revenues	5,743,135	4,006,246	70%	4,114,051	7,179,400	5,823,274	81%	5,363,793
Expenses								
Operations	4,808,500	3,652,353	76%	3,317,123	5,956,685	3,754,068	63%	3,527,023
Meter Reading/Repair					781,457	506,235	65%	470,620
Utility Billing/Water Conservation					585,683	361,443	62%	319,384
Total Operating Expenses	4,808,500	3,652,353	76%	3,317,123	7,323,825	4,621,746	63%	4,317,027
Operating Income (Loss)	934,635	353,893		796,928	(144,425)	1,201,528		1,046,766
Nonoperating revenue (expense)								
Interest Income	191,414	118,055	62%	82,953	241,714	95,273	39%	69,351
Interest Expense/Debt Services	(558,790)	(558,790)	100%	(572,296)	(258,084)	(129,518)	50%	(134,848)
Principal Expense/Debt Services	(995,000)	(995,000)	100%	(975,000)	(173,359)	(44,792)	26%	(42,962)
Total Nonoperating revenue (expense)	(1,362,376)	(1,435,735)		(1,464,343)	(189,729)	(79,037)		(108,459)
Income before operating xfers	(427,741)	(1,081,842)		(667,415)	(334,154)	1,122,491		938,307
Operating transfers in	-	-		-	230,488	172,866	75%	
Operating transfers (out)	(481,688)	(361,266)	75%	(165,000)	(1,130,000)	(847,500)	75%	(315,000)
Net Income (Loss)	\$ (909,429)	\$ (1,443,108)		\$ (832,415)	\$ (1,233,666)	\$ 447,857		\$ 623,307



City of Morgan Hill
Balance Sheets - Water and Sewer Funds
For the Month of March 2006
75% of Year Completed

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	1,069,968	6,299,558	3,957,685	2,884,631
Restricted ¹	1,895,140	6,805,511	390,180	3,842,362
Accounts Receivable		8,243		588
Utility Receivables	660,351		854,404	
Less Allowance for Doubtful Accounts	(13,835)		(18,239)	
Notes Receivable ²		7,778	0	
Fixed Assets ³	29,628,818	12,497,964	23,851,712	12,694,522
Total Assets	<u>33,240,441</u>	<u>25,619,054</u>	<u>29,035,741</u>	<u>19,422,103</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	311,702	108,072	141,734	29,259
Deposits for Water Services & Other Deposits			80,753	
Deferred Revenue ⁴				
Bonds Payable	23,300,000		5,568,631	7,740,000
Discount on Bonds and Other Liabilities	(2,425,887)		(913,413)	(344,863)
Accrued Vacation and Comp Time	49,020		97,480	
Total liabilities	<u>21,234,835</u>	<u>108,072</u>	<u>4,975,185</u>	<u>7,424,396</u>
FUND EQUITY				
Contributed Capital	7,443,305		14,356,292	
Retained Earnings				
Reserved for:				
Noncurrent water/sewer assets & debt	8,705,685	12,497,964	19,099,014	5,299,385
Encumbrances	106,376	302,323	531,169	1,080,822
Notes Receivable		7,778		
Restricted Cash	1,895,140		390,180	3,842,362
Total Reserved Retained Earnings	10,707,201	12,808,065	20,020,363	10,222,569
Unreserved Retained Earnings	1,298,406	12,702,917	4,040,194	1,775,138
Total Fund Equity	<u>12,005,606</u>	<u>25,510,982</u>	<u>24,060,556</u>	<u>11,997,707</u>
Total Liabilities and Fund Equity	<u>33,240,441</u>	<u>25,619,054</u>	<u>29,035,741</u>	<u>19,422,103</u>

¹ Restricted for Bond Reserve requirements and capital expansion.

² Includes Note for Sewer Financing Agreements.

³ Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

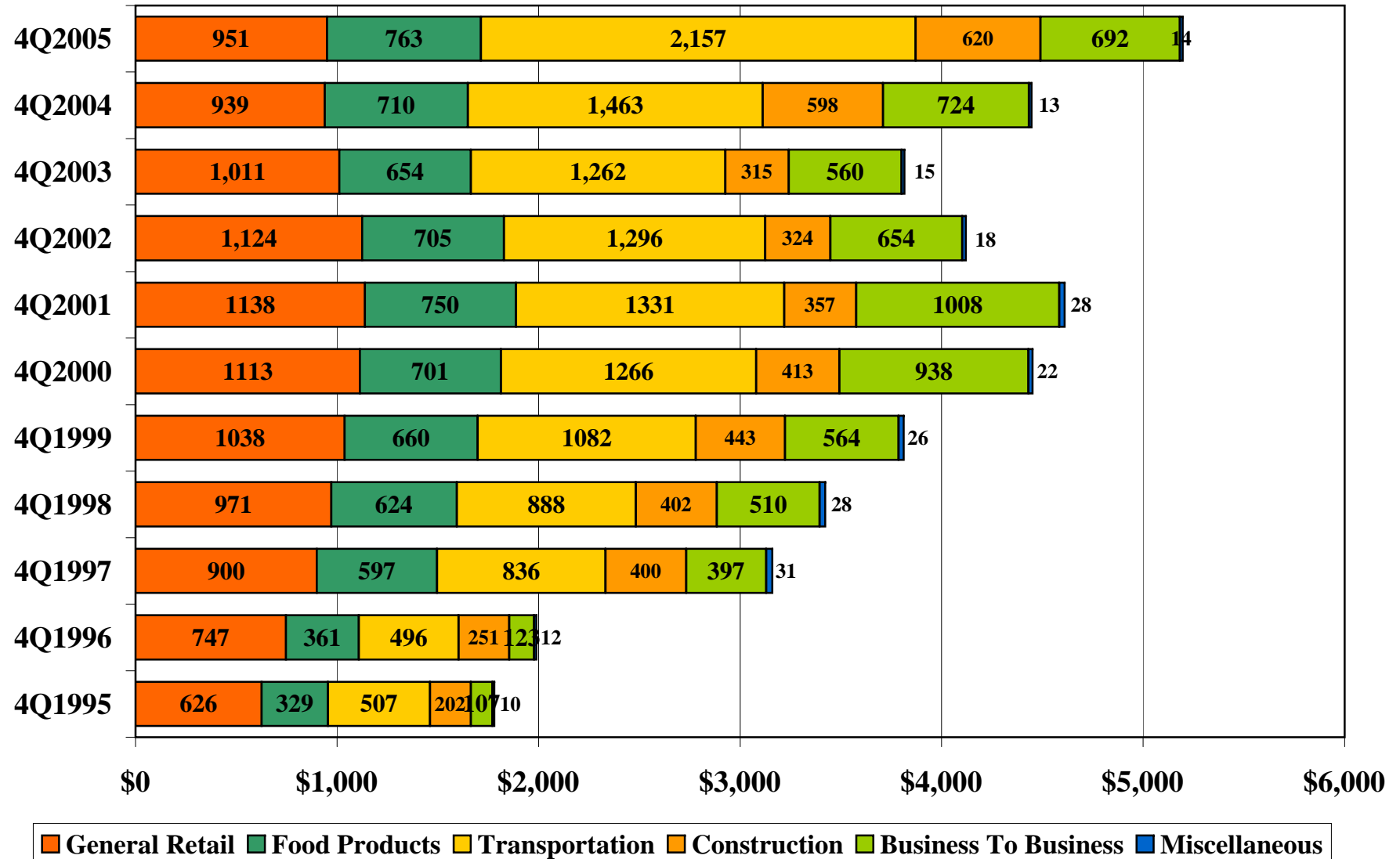
⁴ Includes the deferred payment portion of the loans noted above.



¹ Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.
² Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.
³ Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.
⁴ Includes the deferred payment portion of the loans noted above.
⁵ Designated as a general reserve.

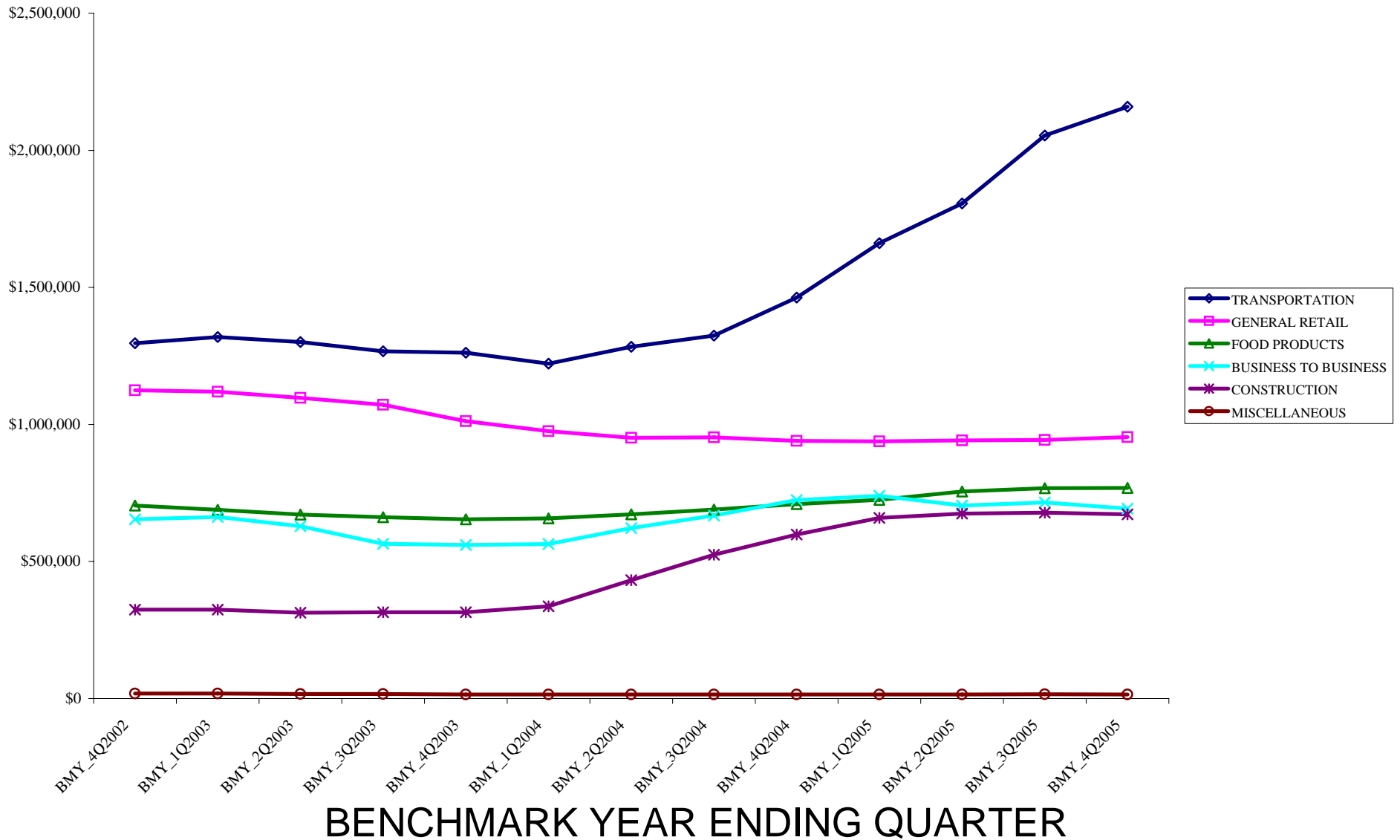
CITY OF MORGAN HILL ANNUAL SALES TAX BY BUSINESS CATEGORY

(in thousands of \$)



CITY OF MORGAN HILL

SALES TAX BY ECONOMIC CATEGORY



Sales Tax Revenue Analysis

Quarterly Sales Tax Revenues

Year	Q1	Q2	Q3	Q4	Total
2005	1,352,902	1,503,903	1,748,750	1,669,406	6,274,961
2004	1,008,820	1,303,824	1,288,347	1,471,834	5,072,825
2003	1,152,258	1,045,369	1,064,072	1,075,630	4,337,329
2002	1,066,129	1,224,131	1,172,571	1,158,608	4,621,439
2001	1,348,773	1,357,056	1,274,566	1,267,347	5,247,742
2000	1,139,868	1,285,566	1,250,633	1,408,160	5,084,227
1999	921,597	1,080,386	1,117,296	1,177,610	4,296,889
1998	861,449	977,685	971,007	1,017,725	3,827,866
1997	787,430	861,780	913,292	1,009,943	3,572,445
1996	726,088	799,526	851,152	846,916	3,223,682
1995	644,959	720,072	736,824	769,415	2,871,270
1994	693,039	704,331	753,364	733,555	2,884,289
Average ¹	\$ 975,276	1,071,969	1,095,156	1,133,846	4,276,247
Avg \$ Growth ¹	\$ 59,988	72,688	90,490	85,077	308,243
Avg % Growth ¹	8.7%	10.3%	12.0%	11.6%	10.7%

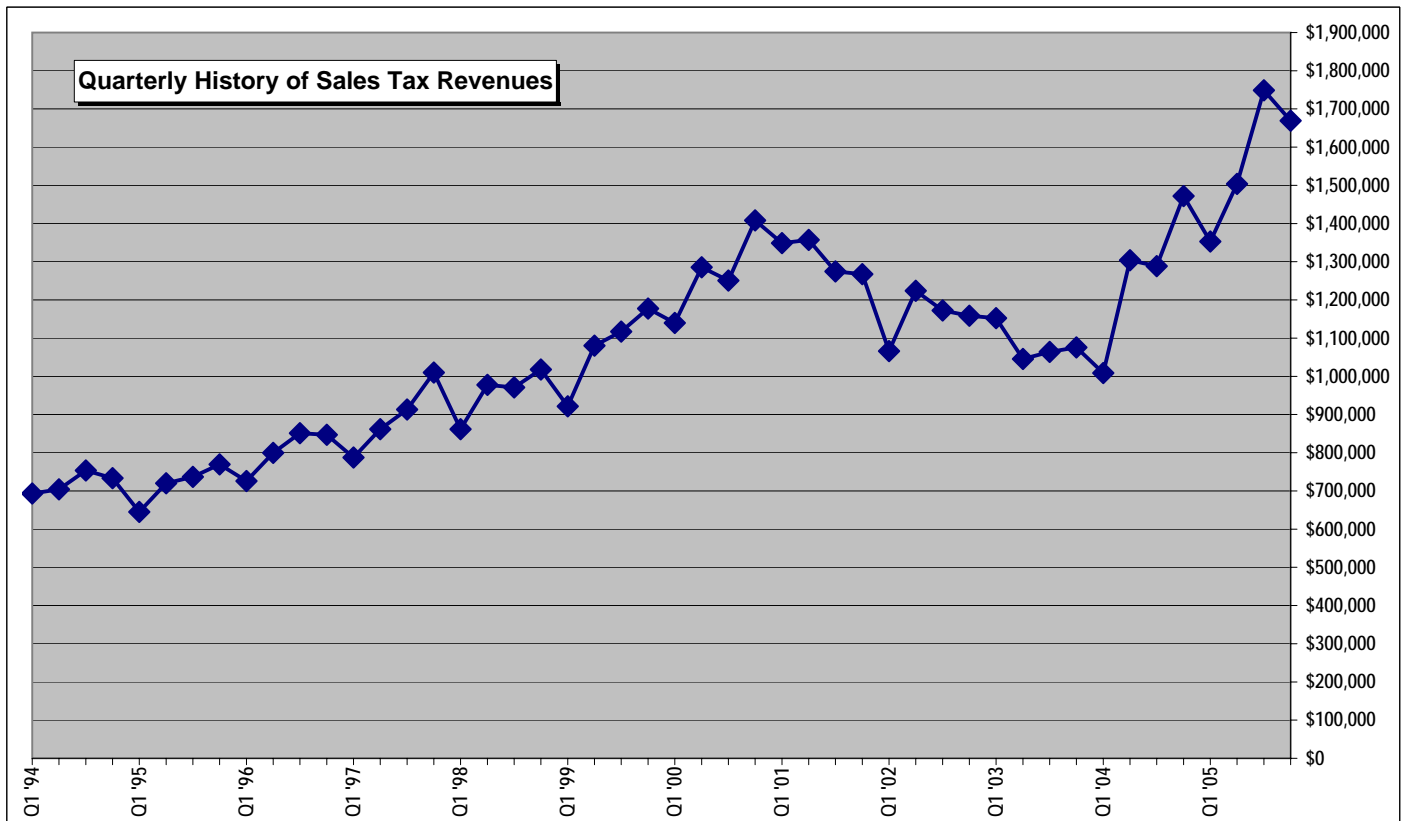
¹ Average from 1994 to 2005

Percent Increase/Decrease from Prior Year

Year	Q1	Q2	Q3	Q4	Total
2004 to 05	34.1%	15.3%	35.7%	13.4%	23.7%
2003 to 04	-12.4%	24.7%	21.1%	36.8%	17.0%
2002 to 03	8.1%	-14.6%	-9.3%	-7.2%	-6.1%
2001 to 02	-21.0%	-9.8%	-8.0%	-8.6%	-11.9%
2000 to 01	18.3%	5.6%	1.9%	-10.0%	3.2%
1999 to 00	23.7%	19.0%	11.9%	19.6%	18.3%
1998 to 99	7.0%	10.5%	15.1%	15.7%	12.3%
1997 to 98	9.4%	13.4%	6.3%	0.8%	7.1%
1996 to 97	8.4%	7.8%	7.3%	19.2%	10.8%
1995 to 96	12.6%	11.0%	15.5%	10.1%	12.3%
1994 to 95	-6.9%	2.2%	-2.2%	4.9%	-0.5%

Cumulative Quarterly Sales Tax as % of Annual Total

Year	Q1	Q1-Q2	Q1-Q3	Q1-Q4
2005	21.6%	45.5%	73.4%	100.0%
2004	19.9%	45.6%	71.0%	100.0%
2003	26.6%	50.7%	75.2%	100.0%
2002	23.1%	49.6%	74.9%	100.0%
2001	25.7%	51.6%	75.8%	100.0%
2000	22.4%	47.7%	72.3%	100.0%
1999	21.4%	46.6%	72.6%	100.0%
1998	22.5%	48.0%	73.4%	100.0%
1997	22.0%	46.2%	71.7%	100.0%
1996	22.5%	47.3%	73.7%	100.0%
1995	22.5%	47.5%	73.2%	100.0%
1994	24.0%	48.4%	74.6%	100.0%
Average	22.9%	47.9%	73.5%	100.0%





CITY COUNCIL STAFF REPORT

MEETING DATE: April 26, 2006

NEW LIBRARY CONSTRUCTION STAKING

RECOMMENDED ACTION(S): Authorize the City Manager to execute a Consultant Agreement with MH Engineering for construction staking of the New Library in an amount not to exceed \$50,000 subject to City Attorney approval.

EXECUTIVE SUMMARY:

Previous Council action awarded 18 of the 19 prime contracts for construction of the new Morgan Hill Library. At that time, Council also authorized the City Manager to execute Consultant Agreements with two construction consultants, Pacific Geotechnical Engineering and Biggs Cardosa Associates. Staff inadvertently excluded a third consultant which is necessary to complete the construction of the new Library. MH Engineering is the project civil engineer and has submitted a proposal to provide construction staking services in an amount not to exceed \$50,000. Staff has worked with this local firm on numerous other projects and believes they are well qualified to provide the service for this project.

FISCAL/RESOURCE IMPACT: As this amount is included in the overall approved project budget, no additional funding is required.

Agenda Item #4

Prepared By:

Sr. Project Manager

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: April 26, 2006

Agenda Item # 5

Prepared By:

Management Analyst

Approved By:

Department Director

Submitted By:

City Manager

PURCHASE OF VEHICLES

RECOMMENDED ACTION(S):

1. Authorize vehicle purchases through the State of California General Services Procurement process for the vehicles identified in this report for a total cost of \$190,454.
2. Declare vehicles on attached spreadsheet as surplus and sale at auction.

EXECUTIVE SUMMARY:

The Public Works Department is requesting the replacement of seven vehicles in the 2005/2006 budget year. The attached spreadsheet identifies the vehicles being replaced and the funding source. The cost for the vehicles is \$182,954. This amount includes tax and freight. The State will invoice separately a service charge of 2.48% based on the purchase order total before tax and cash discounts, with a maximum charge of \$7,500 for all orders.

The City has used the State purchasing process in the past to purchase vehicles in accordance with Sec. 3.04.180 of City Code. The price through the State contract is very good based upon the very competitive bidding for the State contract. Using the State purchasing system we are guaranteed delivery of our vehicles within 150 days after receipt of the order.

The Department is aware of budget constraints and have evaluated the needs in regard to the replacement of vehicles. Staff recommends authorization based upon the need to provide the level of service required in the community.

In addition is a spreadsheet showing the vehicles we are asking council to declare as surplus and sale at auction.

FISCAL/RESOURCE IMPACT:

The cost of the vehicles (\$182,954) plus the State's service charge (\$7,500) is funded in the Vehicle Replacement Fund as identified in the attached spreadsheet for a total of \$190,454.



CITY COUNCIL STAFF REPORT

MEETING DATE: April 26, 2006

CITY POSITION ON SANTA CLARA VALLEY WATER DISTRICT ENABLING LEGISLATION

RECOMMENDED ACTION(S):

Authorize the Mayor to Send a Letter Supporting AB 2435

EXECUTIVE SUMMARY: The City has been formally asked by the Santa Clara Valley Water District to support AB 2435 by Assemblymember Coto. If passed into law, AB 2435 will effectively sever the oversight link between Santa Clara County and the District. Currently, the County must review and approve the District's budget and appoints two of the District's seven boardmembers. The County is cosponsoring this legislation with the District.

Proponents of AB 2435 point out that all other independent special districts in the state already approve of their own budget and that the status quo is inefficient and cumbersome. Critics of the District believe that the District is inefficient and fear that the District will grow less accountable if the County no longer has oversight responsibilities.

The Utilities and Environment Subcommittee considered this item on March 27 and recommended that the City Council authorize the Mayor to send a letter offering the City's support for AB 2435, while reiterating the City's strong commitment to governmental accountability and efficiency.

FISCAL/RESOURCE IMPACT: These activities are an included activity in the work program of the Public Works Department.

Agenda Item # 6

Prepared By:

Program Administrator

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: April 26, 2006

SUSTAINABLE SILICON VALLEY PARTICIPATION

RECOMMENDED ACTION(S):

Direct Staff to Have the City Become a Partner in Sustainable Silicon Valley With Annual Partnership Dues of \$1,000 Charged to Fund 232, Environmental Programs

EXECUTIVE SUMMARY: Sustainable Silicon Valley (SSV) is a collaboration of businesses, governments, and nongovernmental organizations that are identifying and addressing environmental and resource pressures in the Valley. As its first initiative, SSV is engaging prominent Valley organizations to work towards a goal of reducing regional carbon dioxide (CO₂) emissions 20% below 1990 levels by 2010.

Partners in this effort benefit from the following:

- **Education and Information Sharing:** SSV hosts ongoing educational forums where participants share stories of success and lessons learned, and hear from resource organizations offering information on approaches to CO₂ reduction.
- **Tools and Resources:** SSV and corporate partner LifeScan, a Johnson & Johnson company, are sponsoring a working group for pledging organizations providing year-round training and mentoring in the implementation of US Environmental Protection Agency's Energy Star Enhanced Best Practices.
- **Progress Reporting:** Annual reporting is made easy by SSV's tools and the experience of other participants, and reporting helps the pledging partners to monitor their progress. "What gets measured, gets managed. What gets managed, gets done." The progress measurements towards its stated goals becomes verifiable data that an organization can choose to share publicly.
- **Public Recognition:** Providing the motivation to make real progress in energy efficiency, SSV encourages participants to make voluntary pledges to reduce CO₂ and annually report progress towards meeting those individualized goals. SSV lists all pledging partners on its website, and nominates them for environmental awards as progress is made. SSV also seeks press in acknowledgement of participant pledges and progress.

The Utilities and Environment Subcommittee initiated this discussion at their March 27 meeting and recommended that the City become a partner to this important effort.

FISCAL/RESOURCE IMPACT: The \$1,000 in annual partnership dues can appropriately be dedicated from the Environmental Programs Fund, Fund 232, which is outside of the City's General Fund. These activities are an included activity in the work program of the Public Works Department.

Agenda Item #7

Prepared By:

Program Administrator

Approved By:

Public Works Director

Submitted By:

City Manager



SUSTAINABLE SILICON VALLEY EXECUTIVE SUMMARY

Sustainable Silicon Valley (SSV) is a collaboration of businesses, governments, and non-governmental organizations that are identifying and addressing environmental and resource pressures in the Valley.

In recognition of the importance of the climate change issue and the area's drive to remain competitive in a location with high energy costs, SSV organized the CO₂ Initiative, in which SSV is engaging prominent Valley organizations to work towards a goal of reducing regional carbon dioxide (CO₂) emissions 20% below 1990 levels by 2010. These pledging organizations are the SSV Partners.

SSV chose CO₂ emissions as a benchmark because it encompasses both energy use and its environmental consequences in a single measure. CO₂ is the largest contributor to human-generated greenhouse gases and reductions in CO₂ emissions reflects improvements in energy efficiency and transitions from more to less polluting fuels.

Partners in SSV choose their own baseline year and a CO₂ percentage reduction goal to reach by 2010. Each pledging partner also chooses how to meet this target, whether by equipment efficiency improvements (e.g. new equipment), conserving energy (e.g. behavioral changes), increasing the use of renewable energy sources (e.g. photovoltaic systems), or purchasing green power.

Organizations that join SSV benefit from the education and support provided by SSV and from collaboration with colleagues working towards a common goal.

- **Education and Information Sharing:** SSV hosts ongoing educational forums where participants share stories of success and lessons learned, and hear from resource organizations offering information on approaches to CO₂ reduction. Monthly SSV meetings enable organizations to voice their educational and support needs.
- **Tools and Resources:** SSV and corporate partner LifeScan, a Johnson & Johnson company, are sponsoring a working group for pledging organizations providing year-round training and mentoring in the implementation of US Environmental Protection Agency's Energy Star Enhanced Best Practices. LifeScan has ten years of experience saving energy and money, and reducing CO₂ emissions.
- **Access to Energy Efficiency Incentive Funds:** In partnership with Pacific Gas & Electric Company (PG&E) and Silicon Valley Leadership Group (SVLG), SSV will help match PG&E energy conservation funds with SSV and SVLG partner organizations needing support for energy efficiency projects.
- **Progress Reporting:** Annual reporting is made easy by SSV's tools and the experience of other participants, and reporting helps the pledging partners to monitor their progress. "What gets measured, gets managed. What gets managed, gets done." The measurement of progress towards its stated goals becomes verifiable data that an organization can choose to share publicly.
- **Public Recognition:** Providing the motivation to make real progress in energy efficiency, SSV encourages participants to make voluntary pledges to reduce CO₂ and annually report progress towards meeting those individualized goals. SSV lists all pledging partners on its website, and nominates them for environmental awards as progress is made. SSV also seeks press in acknowledgement of participant pledges and progress.

Vision: A Silicon Valley with a healthy environment, a vibrant economy and a socially engaged community.

Mission: Collaborate with organizations and the community to achieve environmental sustainability in Silicon Valley.

Geography Served: SSV Partners are in San Mateo, Santa Clara, northern Santa Cruz and southern Alameda Counties. Beneficiaries of SSV's CO₂ Initiative are local, regional, and global, through the reduction of greenhouse gas emissions, and cross all socioeconomic boundaries.

Becoming a pledging Partner of SSV is easy:

- **Make a voluntary pledge to reduce CO₂:** You can customize your pledge to your organization's situation. Pledging provides an incentive to keep your organization moving towards its goals. View the pledge letter under Tools and Resources at www.SustainableSiliconValley.org
- **Share your progress with and learn from fellow participants:** Once you are participating, you will become a valuable resource to others, having learned from your own efforts and outcomes.
- **Report annually:** Annual reporting is made easy by SSV's tools and the experience of other participants, and reporting helps you monitor your progress. "What gets measured gets managed. What gets managed gets done."
- **Gain recognition:** Enjoy recognition from SSV, the press and the community for your steps in improving the environment, saving energy and saving money.

Annual Membership Dues for SSV pledging Partners are as follows:

Businesses:

1-25 employees	\$ 250
26-100 employees	\$ 500
101-1000 employees	\$1000
1001-3000 employees	\$1500
3001 and more employees	\$2500

Government Agencies and Academia \$1000

Non-profits \$ 100

Individuals \$ 25

Partners of Sustainable Silicon Valley enjoy the following benefits:

- **An opportunity to access PG&E's Local Government Partnership energy efficiency 2006-2008 funds.** Through SSV's efforts and Silicon Valley Leadership Group's administration, a \$10 million agreement is currently being negotiated with PG&E. SSV will work with qualifying participants to complete Climate Action Plans in conjunction with energy efficiency implementation plans.
- **Public recognition,** as bestowed this past year on SSV Partners by Governor Arnold Schwarzenegger in June, Senator Dianne Feinstein in August, His Royal Highness the Prince of Wales in November, and by former Vice President Al Gore in December.
- **Inclusion in the annual CO₂ Report,** which highlights Partner achievements in the context of Silicon Valley trends.
- **Media attention,** as followed the release of the CO₂ Report 2005, and has included local editorials and regional radio coverage.
- **Nomination by SSV for honors and recognition,** as led this fall to recognition by Flex Your Power for Agilent Technologies, Calpine Corporation, HP, LifeScan, Lockheed Martin Space Systems Company, NASA Ames Research Center, Oracle, and Santa Clara Valley Water District, and in December to the City of Milpitas' official Commendation of LifeScan for its energy and CO₂ reductions.
- **Quarterly Educational Forums** on topics of concern such as Energy Efficiency and Transportation to organizations working to reduce energy use and CO₂ emissions.
- **The ongoing Working Group on Energy and CO₂ Best Practices,** co-sponsored by Johnson and Johnson and Sustainable Silicon Valley.
- **Monthly SSV meetings** where Partners can learn and help guide the activities of SSV.
- **Affiliation with other prominent Silicon Valley organizations** in an internationally recognized, regional effort to address the environmental concerns of your organization and its community.

Sustainable Silicon Valley is a 501 c) 3) public benefit corporation whose mission is to collaborate with organizations and the community to achieve environmental sustainability in Silicon Valley. Contributions are tax deductible. The Federal Identification Number is 56-2464045.



CITY COUNCIL STAFF REPORT

MEETING DATE: April 26, 2006

AGREEMENT WITH PG&E FOR DEPOT STREET UNDERGROUNDING UTILITIES PROJECT

RECOMMENDED ACTION(S):

1. Authorize the City Manager to execute an agreement, subject to approval by the City Attorney, with PG&E in the amount of \$438,699 for completing the engineering design work and installation costs for the Depot Street Undergrounding Utilities Project.
2. Authorize the use of \$340,000 in RDA funds for the Depot Street Undergrounding Utilities Project (537004) that were previously approved for the Depot Street Reconstruction Project (539005) as further described below.

EXECUTIVE SUMMARY: On April 6, 2005, the City and PG&E entered into an agreement, expending \$47,500 from the FY 04/05 budget to begin engineering design for the undergrounding of existing overhead utilities along Depot Street from Main Avenue to 5th Street.

Staff has received a second agreement from PG&E requesting payment of \$438,699 to complete the engineering design and construction services to convert all overhead utilities lines to underground on Depot Street from Main Avenue to 5th Street, approximately 1900 LF. This work shall also include any necessary inspection time and installation time for conductors, PG&E equipment, etc.

To accomplish the complete undergrounding effort, the City is responsible for the trenching, conduit, structure installation and trench backfill work. To that end, the City Council awarded a construction contract to West Valley Construction in the amount of \$858,891 (includes contingency) at the March 22, 2006 City Council meeting. PG&E's responsibility is for design services, installation of equipment and cable, inspection services and pole removal.

The net result of executing all contracts to complete this project is an overrun of the approved budget by \$340,000. The overrun is a result of higher than expected PG&E costs. Staff recommends transferring \$340,000 from Depot Street Reconstruction Project #539005 to the undergrounding project to meet the needs described. Staff will further recommend that the Depot Street Reconstruction Project be supplemented with un-appropriated Drainage (non AB-1600) funds at the time it is awarded. This action will be appropriate due to the storm drain work added to that project after it was budgeted.

Time is of the essence with regard to completing the undergrounding work since it must be completed prior to the upcoming Depot Street Reconstruction Project. By executing this agreement and paying the fee, PG&E will schedule their work for inspection and construction.

FISCAL/RESOURCE IMPACT: In the FY 05/06 CIP, there is currently \$990,000 budgeted in Project #537004, Utility Undergrounding – Depot Street, funded by Underground-in-lieu funds (350). These funds have been obligated for the City's contractor named above and other project expenses, including CIP Administration and construction staking. Upon execution of this contract with PG&E, approximately \$340,000 in additional funding is needed. Currently there is \$342,000 budgeted in RDA funds (317) for the Depot Street Reconstruction Project #539005, of which, \$340,000 is available to be transferred to Project #537004 to fund this contract. The additional fund needed to award Depot Street Reconstruction will be funded by Drainage Fund (Non-AB1600).

Agenda Item # 8

Prepared By:

Senior Engineer

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: April 26, 2006

Agenda Item # 9

Prepared By:

Deputy City Clerk

Approved By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1776, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING ZONING AMENDMENT APPLICATION ZA-05-27: SANTA TERESA – BLACK ROCK LLC (APN 779-02-002)

RECOMMENDED ACTION(S):

Waive the Reading, and **Adopt** Ordinance No. 1776, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On April 19, 2006, the City Council Introduced Ordinance No. 1776, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers; NOES: Tate; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT:

No budget adjustment required.

ORDINANCE NO. 1776, NEW SERIES

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
MORGAN HILL APPROVING ZONING AMENDMENT
APPLICATION ZA-05-27: SANTA TERESA – BLACK ROCK LLC
(APN 779-02-002)**

**THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY
ORDAIN AS FOLLOWS:**

SECTION 1. The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.

SECTION 2. The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.

SECTION 3. An environmental initial study has been prepared for this application in conjunction with GPA 05-05. That study has been found complete, correct and in substantial compliance with the requirements of the California Environmental Quality Act. Mitigation measures have been developed for all potentially significant impacts that will reduce their effect to a less than significant level. A Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program were adopted for this application as part of GPA 05-05.

SECTION 4. The subject property is pre-zoned RE 40,000 (RPD) subject to the following condition:

1. Development of the parcel shall occur at a density which transitions from minimum parcel sizes of one acre on the southeastern side of the site to minimum parcel sizes of approximately two and one half acres on the southwestern side of the site.

SECTION 5. Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 19th Day of April 2006, and was finally adopted at a regular meeting of said Council on the Day of April 2006, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

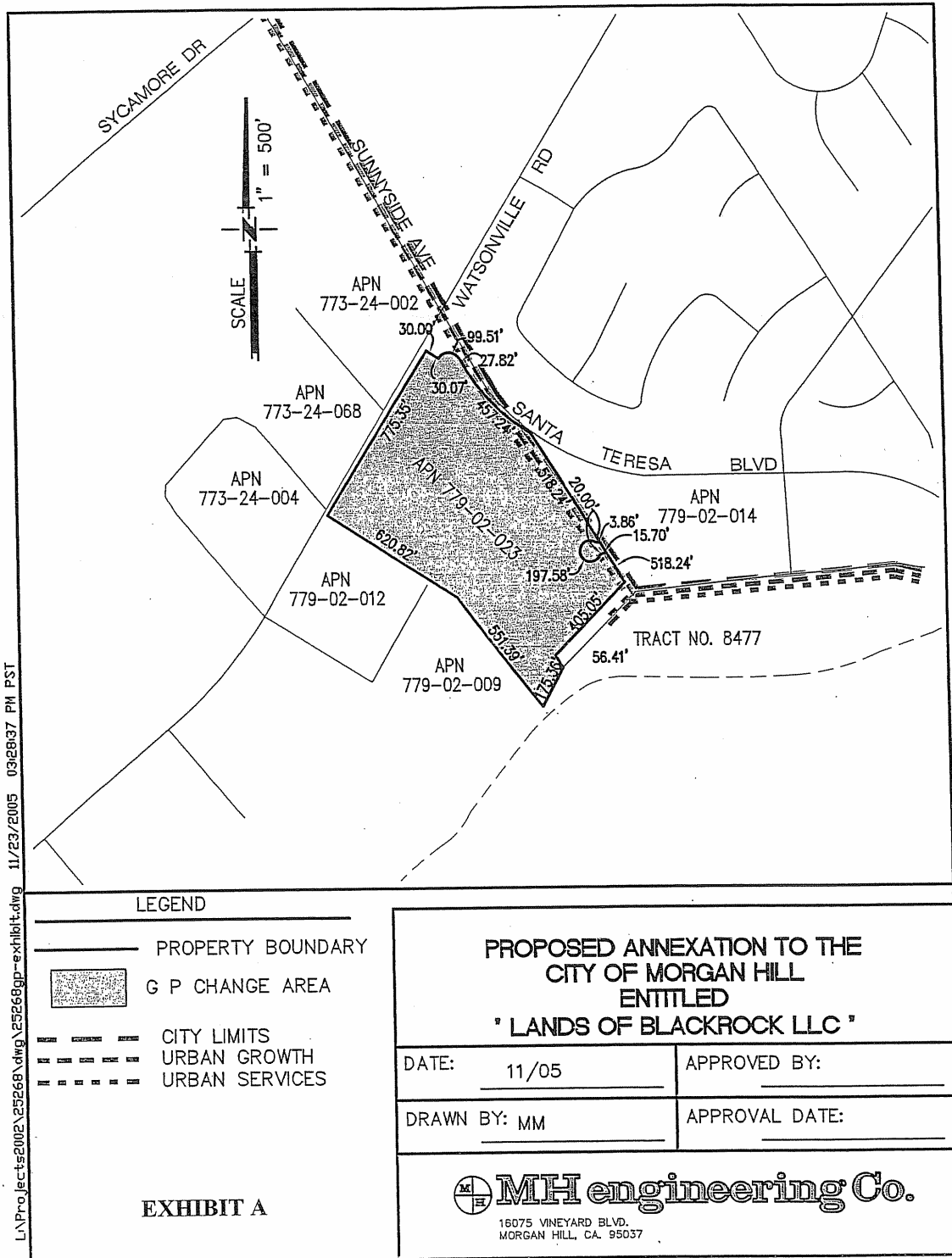
⌘ CERTIFICATE OF THE CITY CLERK ⌘

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1776, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of April 2006.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk





CITY COUNCIL STAFF REPORT

MEETING DATE: April 26, 2006

Agenda Item # 10

Prepared By:

Deputy City Clerk

Approved By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1777, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1708 NEW SERIES, AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION DA-04-06: COCHRANE-BORELLO. (APN 728-34-007)

RECOMMENDED ACTION(S):

Waive the Reading, and **Adopt** Ordinance No. 1777, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On April 19, 2006, the City Council Introduced Ordinance No. 1777, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT:

No budget adjustment required.

ORDINANCE NO. 1777, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO ORDINANCE NO. 1708 NEW SERIES, AMENDING THE DEVELOPMENT AGREEMENT FOR APPLICATION DA-04-06: COCHRANE-BORELLO. (APN 728-34-007)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The Planning Commission, pursuant to Title 18, Chapter 18.78.125 of the Municipal Code and Resolution No. 04-037, adopted April 13, 2004, has awarded allotments to a certain project herein after described as follows:

<u>Project</u>	<u>Total Dwelling Units</u>
MP-03-04: Cochrane-Borello	8 units (FY05-06) 7 units (FY06-07)

SECTION 4. References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to is amended by this ordinance and shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 5. The City Council hereby finds that the development agreement amendment approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 6. Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

SECTION 7. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 8. Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

SECTION 9. MODIFICATION TO DEVELOPMENT SCHEDULE. The Council hereby approves an amendment to the development schedule as attached in Exhibit B, and by this reference incorporated herein.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 19th Day of April 2006, and was finally adopted at a regular meeting of said Council on the Day of April 2006, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

∞ CERTIFICATE OF THE CITY CLERK ∞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1777, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of April 2006.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

EXHIBIT "B"

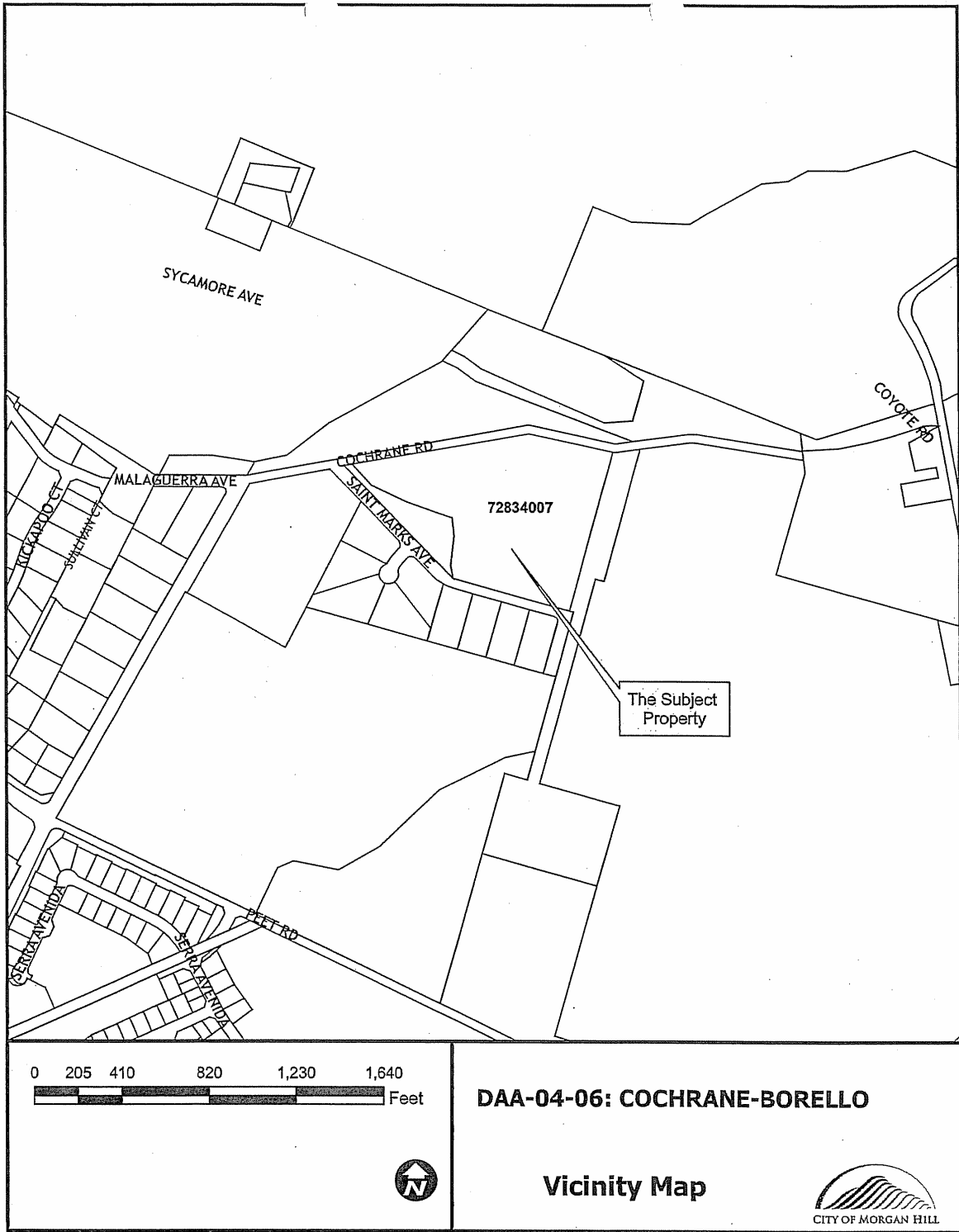
**DEVELOPMENT SCHEDULE MP 03-04: Cochrane-Borello
FY 2005-2006 (8 units), FY 2006-2007 (7 units)**

I. SUBDIVISION APPLICATIONS	
Applications Filed:	September 13, 2004
II. SITE REVIEW APPLICATION	
Application Filed:	October 14, 2004
III. FINAL MAP SUBMITTAL	
Map, Improvements Agreement and Bonds:	June 30, 2004
IV. BUILDING PERMIT SUBMITTAL	
Submit plans to Building Division for plan check: FY 2005-2006 (8 units)	September 30, 2005
FY 2006-2007 (7 units)	June 30, 2006
V. BUILDING PERMITS	
Obtain Building Permits: FY 2005-2006 (8 units)	September 1, 2006 March 1, 2006
FY 2006-2007 (7 units)	September 30, 2006
Commence Construction: FY 2005-2006 (8 units)	December 30, 2006 June 30, 2006
FY 2006-2007 (7 units)	June 30, 2007

Failure to obtain building permits and commence construction by the dates listed above, shall result in the loss of building allocations. Submitting a Final Map Application or a Building Permit six (6) or more months beyond the filing dates listed above shall result in the applicant being charged a processing fee equal to double the building permit plan check fee and/or double the map checking fee to recoup the additional costs incurred in processing the applications within the required time limits. Additionally, failure to meet the Final Map Submittal and Building Permit Submittal deadlines listed above may result in loss of building allocations. In such event, the property owner must re-apply under the development allotment process outlined in Section 18.78.090 of the Municipal Code if development is still desired.

An exception to the loss of allocation may be granted by the City Council if the cause for the lack of commencement was the City's failure to grant a building permit for the project due to an emergency situation as defined in Section 18.78.140 or extended delays in environmental reviews, permit delays not the result of developer inactions, or allocation appeals processing.

If a portion of the project has been completed (physical commencement on at least 7 dwelling units and lot improvements have been installed according to the plans and specifications), the property owner may submit an application for reallocation of allotments. Distribution of new building allocations for partially completed project shall be subject to the policies and procedures in place at the time the reallocation is requested.





CITY COUNCIL STAFF REPORT

MEETING DATE: April 26, 2006

Agenda Item #11

Prepared By:

Deputy City Clerk

Approved By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1778, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING TITLE 2, CHAPTERS 2.22 (MASTER PROVISIONS FOR BOARDS & COMMISSIONS), 2.28 (HEALTH COMMISSION), 2.32 (PARKS & RECREATION COMMISSION), 2.56 (ARCHITECTURAL & SITE REVIEW BOARD), 2.64 (MOBILE HOME RENT COMMISSION), AND 2.68 (LIBRARY, CULTURE & ARTS COMMISSION); AND ADDING SECTION 2.70, SENIOR ADVISORY COMMISSION OF THE MORGAN HILL MUNICIPAL CODE.

RECOMMENDED ACTION(S):

Waive the Reading, and **Adopt** Ordinance No. 1778, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On April 19, 2006, the City Council Introduced Ordinance No. 1778, New Series, by the Following Roll Call Vote: AYES: Carr, Kennedy, Sellers, Tate; NOES: Grzan; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT:

No fiscal impact.

ORDINANCE NO. 1778, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING TITLE 2, CHAPTERS 2.22 (MASTER PROVISIONS FOR BOARDS & COMMISSIONS), 2.28 (HEALTH COMMISSION), 2.32 (PARKS & RECREATION COMMISSION), 2.56 (ARCHITECTURAL & SITE REVIEW BOARD), 2.64 (MOBILE HOME RENT COMMISSION), AND 2.68 (LIBRARY, CULTURE & ARTS COMMISSION); AND ADDING SECTION 2.70, SENIOR ADVISORY COMMISSION OF THE MORGAN HILL MUNICIPAL CODE.

WHEREAS, pursuant to its appointment powers under Government Code section 36505, the City Council of the City of Morgan Hill has established a Health Commission; Parks & Recreation Commission; an Architectural and Site Review Board; a Library, Culture & Arts Commission, and a Senior Advisory Commission; and

WHEREAS, all the aforementioned Board Members and Commissioners are appointed by the City Council for specified terms; and

WHEREAS, the City Council finds that additional flexibility regarding appointments is necessary to increase responsiveness to community needs regarding the various issues addressed by the board and commissions; and

WHEREAS, the City Council finds that Board and Commission appointments should be scheduled to account for the desires of the community as expressed in the municipal elections held periodically.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Title 2 [Administration and Personnel] of the City of Morgan Hill Municipal Code is hereby amended to read as follows:

Chapters:

2.68 Library, **Culture and Arts Commission**
2.70 Senior Advisory Commission

Section 2. Chapter 2.22 [Master Provisions for Boards and Commissions] of Title 2 [Administration and Personnel] of the City of Morgan Hill Municipal Code is hereby amended in its entirety to read as follows:

Chapter 2.22

MASTER PROVISIONS FOR BOARDS AND COMMISSIONS

Sections:

2.22.010	Establishment of boards and commissions.
2.22.030	Clerk and secretary.
2.22.040	Rules of procedure.
2.22.050	Rules of attendance.
2.22.060	Meetings.
2.22.070	Compensation.
<u>2.22.080</u>	<u>Effect.</u>

2.22.010 Establishment of boards and commissions.

A. There are established within the city the following boards and commissions:

1. Planning commission;
2. Mobile home rent advisory commission;
3. Parks and recreation commission;
4. Architectural and site review board; and
5. Library, culture and arts commission;
6. Senior advisory commission; and
7. Disaster council

B. Unless otherwise set forth, all members of boards, ~~and commissions~~ and committees shall be residents of ~~and registered voters in the city~~ and shall continue to be ~~qualified electors in and~~ residents of the city during their terms of office. Notwithstanding the foregoing, individuals who reside within the Morgan Hill Unified School District boundary and who do not otherwise reside in any city other than Morgan Hill may be appointed to boards, commissions and committees provided that no more than thirty percent (30%) of the members of any board, commission or committee shall be non-Morgan Hill residents.

C. Members shall be appointed by the mayor subject to approval of a majority vote of the city council and may be removed without cause by vote of any three members of the city council.

D. The appointment terms of members may be extended, at the discretion of the city council, until such time as a successor member may be appointed and take office.

E. Vacancies in the commission occurring other than by expiration of term shall be filled for the unexpired term in the same manner as original appointments.

F. The members of the commission shall organize the commission and shall elect from its members a chair and vice-chair and such other officers as may be necessary in accordance with adopted city council policy.

2.22.030 Clerk and secretary.

The city clerk or designate shall also act as clerk for each of the boards and commissions and shall have authority to sign any official notices and also to certify any resolution of the commissions or boards. The city council may appoint a person not a member of the commission or board to act as secretary of the commission or board. The secretary shall keep a record of all proceedings of said board or commission, its resolutions, its findings and actions, which records shall be a public record and **copies thereof shall be kept with the city clerk** in the City Hall building.

2.22.040 Rules of procedure.

A. The chair shall preside at all meetings of the board or commission. The vice chair shall assume the duties of the chair in the absence of or in case of inability of the chair.

B. A majority of the members of the commission or board shall constitute a quorum for the transaction of business.

C. **Unless otherwise specified herein, e**Each board or commission may adopt its own rules and regulations for the transaction of its business. **Such rules shall be subject to approval of the city council before becoming effective.**

2.22.050 Rules of attendance.

If any member is absent from three of any six consecutive regular board or commission meetings, unless such absence is with the permission of the chair, or vice chair in absence of the chair, expressed in the official minutes, the member's seat shall be deemed vacated. The city manager shall so notify the city council and the council shall take action to fill the seat within a reasonable period of time.

2.22.060 Meetings.

~~A board or commission shall hold regular meetings as deemed necessary by the chair, simple majority of the members, the city manager or the city council.~~ **Unless otherwise specified, the commission shall hold regular meetings at least once a month at a designated time and place which shall be fixed and determined by the commission and entered upon in its minutes. Special meetings of the commission may be called at any time by the chair or by a majority of the members of the board upon notice being given to all members of the board and to all news media at least twenty-four (24) hours in advance of the meetings, as required by the laws of the state of California.**

2.22.070 Compensation.

Members of the boards and commissions shall serve without compensation but shall may receive reimbursement for actual and necessary expenditures made or incurred in the performance of their prescribed duties in accordance with state law and the Municipal Code and policies of the City of Morgan Hill.

2.22.080 Effect.

Nothing in this chapter shall be construed as restricting or curtailing any of the powers of the city council or city officers as defined by the laws of the state of California or by this Municipal Code. Except as otherwise set forth in chapter 2.36, the city council declares that the public interest and convenience require the appointment of the boards and commissions established pursuant to section 2.22.010 to act purely in an advisory capacity to the city council.

Section 3. Chapter 2.28 [Health Commission] of Title 2 [Administration and Personnel] of the City of Morgan Hill Municipal Code is hereby deleted in its entirety.

Section 4. Chapter 2.32 [Parks and Recreation Commission] of Title 2 [Administration and Personnel] of the City of Morgan Hill Municipal Code is hereby amended in its entirety to read as follows:

Chapter 2.32

PARKS AND RECREATION COMMISSION

Sections:

- 2.32.010 Created.**
- 2.32.020 Membership—Terms of office.**
- ~~**2.32.030 Meetings.**~~
- ~~**2.32.040**~~ **2.32.030 Powers and duties.**
- ~~**2.32.050 Effect.**~~

2.32.010 Created.

There is established a new commission which is entitled the "Morgan Hill parks and recreation commission" to serve in an advisory capacity to the city council.

2.32.020 Membership—Terms of office.

The commission shall consist of seven members, ~~at least five of which must be residents of and registered voters of the city of Morgan Hill.~~ Members shall not be officials or employees of the city nor be paid members of any organization receiving financial support from the city. Notwithstanding any language to the contrary, ~~The~~ the mayor and city council may appoint a Morgan Hill Unified School District official, as a member of the commission.

~~A. Members are appointed by the mayor with the consent of the city council and serve at the pleasure of the city council. The term of office of the members of the commission shall be for two years or until their successors are appointed.~~

~~B. For the first seven members appointed, the terms of three of the members shall expire on May 1, 1999, and the terms of four of the members shall expire on May 1, 2000. Thereafter, all terms shall be for two years and shall expire April 1st.~~ **All new full term appointments after April 1, 2006 shall be for a period of four (4) years.**

~~C. Any member may be removed, without cause, by a vote of any three members of the city council. If a vacancy occurs other than by expiration of a term, it shall be filled by the mayor's appointment for the unexpired portion of the term, with the approval of the city council. (Ord. 1407 N.S. § 1, 1998; Ord. 1368 N.S. § 1 (part), 1997)~~

~~2.32.030~~ Meetings.

~~A. The commission shall establish a regular place of meetings and shall hold at least one regular meeting each month.~~

~~B. The commission shall select from its members a chair and vice chair in accordance with adopted city council policy.~~

~~C. The commission may adopt, from time to time, such rules and regulations for the transaction of its business, or rules for conduct, as may be necessary to properly exercise its functions. Such rules shall be subject to approval of the city council before becoming effective.~~

~~D. Special meetings may be called in the manner required by the laws of the state of California. Special meetings may called at any time, by the chair or by four members of the commission, upon notice being given to all members of the commission and to all news media at least twenty-four hours in advance of the meetings, as required by the laws of the state of California.~~

~~E. A majority vote of a quorum of members is required to approve a recommendation or any matter that is presented to the commission which requires a vote.~~

~~F. The commission shall keep an accurate record of all proceedings and transactions, and through the city manager or his/her designee shall render such reports to the city council as may be required. (Ord. 1368 N.S. § 1 (part), 1997)~~

~~2.32.040~~ ~~2.32.030~~ Powers and duties.

The powers and functions of the commission shall be as follows:

A. To hold hearings on matters pertaining to planning and development of parks, ~~cultural facilities~~, recreation programs for all segments of the population, bicycle facilities, and capital expenditures related to parks, ~~cultural facilities~~, recreational facilities, and bicycle facilities;

B. To facilitate coordination of the efficient and effective use of recreation facilities by other public, private, and non-profit groups and organizations to city residents;

C. To consider, formulate and propose fiscally prudent programs, activities, resources, plans and development designed to provide for, regulate, and direct the future growth and development of the parks facilities and recreation programming for the people of the city;

- D. To make investigations and reports for future acquisition of park sites;
- E. To review opportunities for joint use of recreation/parks, and storm retention/detention;
- F. The commission may establish, consistent with adopted rules to be approved by the city council, a ~~senior advisory committee~~, youth advisory committee, and bicycle advisory subcommittee to assist in development of plans and programs to facilitate programs for persons within these defined categories. Members of these committees need not be members of the commission;
- G. To conduct such other hearings as are necessary and in accordance with its own rules and regulations for the transaction of its business, or rules for conduct; and
- H. To report its decisions and recommendations relating to the above matters, in writing to the city council.

~~2.32.050~~ — Effect.

~~Nothing in this chapter shall be construed as restricting or curtailing any of the powers of the city council or city officers as defined by the laws of the state of California or by this municipal code. The city council declares that the public interest and convenience require the appointment of a parks and recreation commission to act purely in an advisory capacity to the city council. (Ord. 1368 N.S. § 1 (part), 1997)~~

Section 5. Section 2.36.020 [Membership—Terms of office—Vacancies] of Chapter 2.36 [Planning Commission] of Title 2 [Administration and Personnel] of the City of Morgan Hill Municipal Code is hereby amended as follows:

~~A. The city planning commission shall consist of seven members, six of whom shall reside within the city limits and one of whom may reside outside the city limits but within the city's sphere of influence. Members of the planning commission shall serve the following terms:~~

- ~~1. In the year 1998, three members shall be appointed to serve terms ending June 1, 2001.~~
- ~~2. The four members who were appointed in 1996 shall serve terms ending June 1, 1999.~~
- ~~3. Thereafter, all terms shall be for four years and shall expire on June 1st.~~

~~B. Members shall be appointed by the mayor, subject to majority approval of the city council.~~

~~C. Vacancies on the commission shall be filled for the unexpired terms in the same manner as original appointments. (Ord. 1407 N.S. § 2, 1998; Ord. 1083 N.S. § 1, 1992; Ord. 811 N.S. § 1 (II-3-2), 1987)~~

Section 6. Section 2.56.020 [Membership] of Chapter 2.56 [Architectural and Site Review Board] of Title 2 [Administration and Personnel] of the City of Morgan Hill Municipal Code is hereby amended as follows:

2.56.020 Membership.

A. The city ARB shall consist of five members, ~~four of whom shall reside within the city limits and one of whom may reside outside the city limits, but within the city's~~

~~sphere of influence.~~ Members of the ARB must represent **one of** the following professions **or areas of expertise**: ~~one a~~ registered architect or design professional in a related field selected by the city council; ~~one a~~ landscape architect (or horticulturist); a licensed general contractor (or a similarly qualified individual representing the construction industry); and two other persons with experience in city planning, graphic design or a broad knowledge of plant material, building design or of other physical design professions associated with the development process. **The City Council may appoint any combination of the above areas, as deemed appropriate.**

Section 7. Subsection 2.56.020B of Section 2.56.020 [Membership] and Sections 2.56.040 [Organization] and 2.56.050 [Meetings] of Chapter 2.56 [Architectural and Site Review Board] Title 2 [Administration and Personnel] of the City of Morgan Hill Municipal Code are hereby repealed in their entirety.

Section 8. Section 2.64.020 [Candidates] of Section 2.64 [Mobile Home Rent Commission] of Title 2 [Administration and Personnel] of the City of Morgan Hill Municipal Code is hereby repealed in its entirety.

Section 9. Chapter 2.68 [Library Commission] of Title 2 [Administration and Personnel] of the City of Morgan Hill Municipal Code is hereby amended in its entirety to read as follows:

Chapter 2.68

LIBRARY, **CULTURE AND ARTS** COMMISSION

Sections:

- 2.68.010 Created.
- 2.68.020 Membership--Terms of office.
- ~~2.68.030 Meetings.~~
- ~~2.68.040~~ 2.68.030 Powers and duties.
- ~~2.68.050 Effect.~~

2.68.010 Created.

There is established a new commission which is entitled the "library, **culture and arts** commission" to serve in an advisory capacity to the city council. (Ord. 1374 N.S. § 1 (part), 1998)

2.68.020 Membership—Terms of office.

The commission shall consist of ~~up to nine~~ **seven** members, ~~at least four of whom shall be residents and registered voters of the city of Morgan Hill. The mayor and city council may appoint up to three members who reside in the unincorporated area of Santa Clara County and/or otherwise within Morgan Hill's sphere of influence.~~ Members shall not be officials or employees of the city, county library employees nor paid

members of any organization receiving financial support from the city for library and art services.

~~A. Members are appointed by the mayor with the consent of the city council and serve at the pleasure of the city council. The term of office of the members of the commission shall be for two years and shall expire on April 1st or until their successors are appointed~~

~~B. Any member may be removed without cause, by a vote of any three members of the city council. If a vacancy occurs other than by expiration of a term, it shall be filled by the mayor's appointment for the unexpired portion of the term, with the approval of the city council. (Ord. 1559 N.S. § 1, 2002; Ord. 1407 N.S. § 5, 1998; Ord. 1382 N.S. § 1, 1998; Ord. 1374 N.S. § 1 (part), 1998)~~

~~2.68.030~~ Meetings.

~~A. The commission shall establish a regular place of meetings and shall hold at least one regular meeting each month.~~

~~B. The commission shall select from its members a chair and vice chair in accordance with adopted city council policy.~~

~~C. The commission may adopt, from time to time, such rules and regulations for the transaction of its business, or rules for conduct, as may be necessary to properly exercise its functions. Such rules shall be subject to approval of the city council before becoming effective.~~

~~D. Special meetings may be called in the manner required by the laws of the state of California. Special meetings may be called at any time, by the chair or by four members of the commission, upon notice being given to all members of the commission and to all news media at least twenty-four hours in advance of the meetings, as required by the laws of the state of California.~~

~~E. A majority vote of a quorum of members is required to approve a recommendation or any matter that is presented to the commission which requires a vote.~~

~~F. The commission shall keep an accurate record of all proceedings and transactions, and through the city manager or his/her designee shall render such reports to the city council as may be required. (Ord. 1374 N.S. § 1 (part), 1998)~~

~~2.68.040~~ 2.68.030 Powers and duties.

The powers and functions of the commission shall be as follows:

A. To advise act in an advisory capacity to the city council on the adequacy of in all matters pertaining to library, culture and arts services to the people of the city in the community;

B. To serve as a liaison between the city and the Santa Clara County library;

C. To consult with private community groups supportive of library, culture and art programs and serve as a liaison between such groups and the city;

D. To provide advice and recommendations regarding the adequacy of existing library facilities and operations;

E. To look for opportunities for participation of artists and performers in City-sponsored activities, and ways to encourage community involvement in the arts;

F. To work cooperatively with city boards and commissions and other public and private organizations in creating and promoting art and cultural programs and activities within the city;

G. To coordinate and strengthen existing organizations in the arts and develop cooperation with regional organizations;

H. To make recommendations to the city council regarding the funding of community art projects, including the search for private and public grants, and regarding the disbursement of revenues consistent with the needs of the community;

I. To review and make recommendations to the city council upon all works of art to be acquired by the city, either by purchase, gift or otherwise, and exterior works of art installed in the city on public property;

J. To recommend to the city council the adoption of such ordinances or policies as it may deem necessary for the administration and preservation of the arts and cultural development of the city;

~~E~~K. To perform such other tasks as may be expressly requested of it by the city council;

~~F~~L. To conduct such other hearings as are necessary and in accordance with its own rules and regulations for the transaction of its business, or rules for conduct; and

~~G~~M. To report its decisions and recommendations relating to the above matters, in writing to the city council. (Ord. 1374 N.S. § 1 (part), 1998)

~~2.68.050~~ **Effect.**

~~Nothing in this chapter shall be construed as restricting or curtailing any of the powers of the city council or city officers as defined by the laws of the state of California or by this municipal code. The city council declares that the public interest and convenience require the appointment of a library commission to act purely in an advisory capacity to the city council. (Ord. 1374 N.S. § 1 (part), 1998)~~

Section 10. Chapter 2.70 [Senior Advisory Commission] is hereby added to Title 2 [Administration and Personnel] of the City of Morgan Hill Municipal Code as follows:

Chapter 2.70

SENIOR ADVISORY COMMISSION

Sections:

2.70.010 Created.

2.70.020 Membership – Terms of office.

2.70.030 Powers of duties.

2.70.010 Created.

There is established a new commission which is entitled the “senior advisory commission” to serve in an advisory capacity to the city council.

2.70.020 Membership—Terms of Office.

The Commission shall consist of seven members, who shall be chosen by the city council from a list of nominees or applicants.

A. Members are appointed by the mayor with the consent of the city council and serve at the pleasure of the city council. The term of office of the members of the commission shall be for two years or until their successors are appointed.

B. Terms for four of the commissioners shall expire in June 2007 and the other three commissioners’ terms shall expire in June 2008.

2.70.030 Powers and duties.

The powers and functions of the commission shall be as follows:

A. To hold hearings on matters pertaining to older adult issues within the community, including the senior center, senior programming, accessibility, transportation, healthcare, nutrition, and/or other related older adult issues.

B. To consider, formulate and propose fiscally prudent programs, activities, resources, plans and development designed to provide for, regulate, and direct future programming needs for older adult issues.

C. To conduct such other hearings as are necessary and in accordance with its own rules and regulations for the transaction of its business, or rules for conduct; and

D. To report its decisions and recommendations relating to the above matters, in writing to the City Council.

Section 10. Severability. Should any provision of this ordinance be deemed unconstitutional or unenforceable by a court of competent jurisdiction, such provision shall be severed from the ordinance, and such severance shall not affect the remainder of the ordinance.

Section 11. Effective Date; Posting. This ordinance shall take effect thirty (30) days after its second reading. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 19th Day of April, 2006, and was finally adopted at a regular meeting of said Council on the ____ Day of April, 2006, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

⌘ CERTIFICATE OF THE CITY CLERK ⌘

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1778, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the ____ Day of April, 2006.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____, 2006

IRMA TORREZ, City Clerk

**CITY OF MORGAN HILL
SPECIAL CITY COUNCIL MEETING
MINUTES – APRIL 12, 2006**

CALL TO ORDER

Mayor Kennedy called the special meeting to order at 6:01 p.m.

ROLL CALL ATTENDANCE

Present: Council Members Grzan, Sellers, Tate and Mayor Kennedy
Late: Council Member Carr (arrived at 6:05 p.m.)

DECLARATION OF POSTING OF AGENDA

City Clerk Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

City Council Action

CLOSED SESSIONS:

City Attorney Kern announced the below listed closed session item.

1.
CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Authority: Government Code Sections 54956.9(b) & (c)
Number of Potential Cases: 1

OPPORTUNITY FOR PUBLIC COMMENT

Mayor Kennedy opened the Closed Session item to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor Kennedy adjourned the meeting to Closed Session at 6:03 p.m.

RECONVENE

Mayor Kennedy reconvened the meeting at 7:00 p.m.

CLOSED SESSION ANNOUNCEMENT

City Attorney Kern announced that no reportable action was taken in closed session.

Mayor Kennedy indicated that the Council would reconvene to closed session following the conclusion of the open session.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

Mayor Kennedy opened the floor to public comments for items not appearing on this evening's agenda. No comments were offered.

City Council Action

PUBLIC HEARINGS:

1. ISLAND ANNEXATION PROJECT: PARCEL PREZONINGS AND INITIATION OF ANNEXATION OF UNINCORPORATED ISLANDS

Mayor Kennedy indicated that he spoke with Director of Community Development Molloy Previsich regarding the procedures to be undertaken on the 17 island annexations this evening. He indicated that Ms. Molloy Previsich will give an overall presentation on the 17 island annexations. The public hearing will be opened on each of the island annexations. The Council will provide its input and recommended changes. Upon the conclusion of hearing the 17 island annexations, the Council will take a series of actions.

Council Member Tate stated that he received notice that he owns property within 500 feet of one of the island annexations. He inquired whether the hearing would be handled in such a way that the motions would preclude the island annexation that he has a conflict with.

City Attorney Kern noted that the Council will be considering each island annexation one at a time. When it comes to island 17, Council Member Tate would recuse himself from the discussion/vote of this item. She clarified that Council Member Tate's potential conflict has to do with the actual island annexation, and not with the general overview discussion of annexations.

Director of Community Development Molloy Previsich said that the rezoning and island annexation applications are being proposed by the City of Morgan Hill at the urging of the State legislature, Santa Clara County and the Local Agency Formation Commission (LAFCo). She indicated that the State legislature adopted special legislation to have streamlined island annexation procedures in place for unincorporated areas that are substantially surrounding by city limits, is within the urban service area, and are less than 150 acres in size. When the State adopted this legislation, LAFCo and the County of Santa Clara strongly urged all cities within the County to pursue island annexations for various matters of public policy, including an efficient provision of public services, government accountability, etc. Therefore, last fall, the City Council agreed to pursue annexation of the islands and directed staff to

proceed with the annexation process. She informed the Council that island #4 was withdrawn because it was determined that it split lines of assessments. Therefore, there are 16 items for Council consideration. The Council will consider 15 islands this evening with the Council considering Holiday Lakes Unit 1 later in the year, after the completion of a sewer assessment district feasibility study.

Ms. Molloy Previsich informed the Council that the general plan master EIR provides CEQA compliance for all the island annexations except for #8 as the Council previously adopted a negative declaration that provides CEQA compliance for island #8.

Ms. Molloy Previsich indicated that certain parcels within these islands have already been prezoned, but that annexation was not completed by the property owners. Therefore, the Council needs to prezone parcels that have not yet been prezoned.

Ms. Molloy Previsich stated that Measure C exempts the population of island #7, El Dorado, Unit 3. Measure C also exempts Holiday Lake Estates, Unit 1. She informed the Council that there are approximately 24 nonexempt areas in the island annexations and that staff estimate that this equates to approximately 74 individuals. It is felt that this number is a moderate impact to the City's growth rate. With respect to code compliance, she stated that if existing structures and uses are out of compliance with City codes, but legal within the county, these structures would be considered legal non conforming uses once annexed into the City. She said that staff does not anticipate a lot of problems in this regard. Should staff become aware of life safety issues or receive complaints, staff would look into code compliance. She clarified that annexation does not trigger requirements to meet city standards with respect to curb, gutter and sidewalks. There is no requirement that individuals immediately hook up to sewer or other services as these are primarily triggered as properties are improved or developed. She informed the Council that the total assessed values for all islands, including Holiday Lakes Estates, is approximately \$120 million. The gross property tax share coming to the City is estimated to be \$156,000. However, the ERAF would proportionately increase. Therefore, the net tax revenue, after the ERAF, is anticipated to be approximately \$96,000 in additional property taxes after annexation of all islands, including Holiday Lakes Estates which has the highest assessed value.

Ms. Molloy Previsich indicated that the City is at approximately 11.7 square miles and that the total area of islands is at .6 square miles. Should annexation of all islands occur, it would result in the City being 12.3 square miles. She recommended the Council review the island annexations island by island.

Council Member Sellers indicated that he had been contacted by a constituent inquiring whether property taxes would increase once properties are annexed into the City.

Ms. Molloy Previsich clarified that property taxes are only reassessed when improvements occur on properties. Therefore, annexation would not increase property taxes.

THE CITY COUNCIL CONSIDRED THE FOLLOWING ISLAND ANNEXATIONS:

ISLAND #1: ANX-05-01; ZA-05-17 City of Morgan Hill - Tilton & Hale: A 2.6-acre annexation area containing 4 parcels, located at Tilton and Hale Avenues. The zoning amendment consists of prezoning APNs 764-09-002, -003, and -004 to the "Single Family R-1-12,000" zoning district,

consistent with the existing city General Plan designation of Single Family Low, 1-3 units per acre; and rezoning APN 764-09-015 to the “Public Facilities” zoning district, consistent with the existing city General Plan designation of Public Facilities.

Ms. Molloy Previsich informed the Council that staff has not received any objections to the annexation. Therefore, staff recommends the Council introduce the rezoning ordinance and adopt the resolution of annexation.

Mayor Kennedy opened the public hearing. No comments were offered.

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1767, New Series, the Rezoning Ordinance for Island 1*

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council **Introduced** Ordinance No. 1767, New Series, for Island No. 1, by Title Only, as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PRE-ZONING 1.91 ACRES, FROM COUNTY OF SANTA CLARA EXCLUSIVE AGRICULTURE ZONING A-20 TO SINGLE FAMILY R-1-12,000 FOR APNS 764-09-002, 003 & 004 AND PRE-ZONING .01 ACRES FROM COUNTY OF SANTA CLARA EXCLUSIVE AGRICULTURE ZONING A-20 TO PF, PUBLIC FACILITIES FOR APN 764-09-015 FOR APPLICATION ZA-05-17: CITY OF MORGAN HILL-TILTON & HALE**, by the following roll call vote: **AYES:** Carr, Grzan, Kennedy, Sellers, Tate; **NOES:** None; **ABSTAIN:** None; **ABSENT:** None.*

Mayor Kennedy recommended the Council take one action on the Resolution to annex all islands instead of repeating the motion for each island; separating island #17.

ISLAND #2: ANX-05-02; ZA-05-18 City of Morgan Hill -East of Hale: A 3.59-acre annexation area containing 5 parcels, located at Hale Avenue and Campoli Drive near the northern terminus of Del Monte Avenue. The zoning amendment consists of rezoning APNs 764-23-017 and 764-24-001, -003, -004 and -005 to the “Single Family R-1-7,000” zoning district, consistent with the existing city General Plan designation of Single Family Medium 3-5 units per acre.

Ms. Molloy Previsich informed the Council that staff did not receive objections to the annexation. She pointed out that the annexation area includes a portion of Hale Avenue that the County will be turning over to the City.

Mayor Kennedy indicated that this area is subject to flooding; noting that part of the area is in the County and part in the City. He stated that some of the area was built to County standards and felt that issues exist. He inquired how these issues would be addressed.

Ms. Molloy Previsich said that staff is in the process of trying to identify needed improvements to these sections of County roadways to be annexed into the City. She informed the Council that the County has set aside a reserve of funding to improve streets that are in need of improvement. She stated that staff

will be requesting some of these funds to improve street sections when needed improvements are identified. Staff does not know the amount of funding set aside for street improvements, nor has an agreement/guarantee the City will receive the amount needed for improvements. Staff is still working on this and hopes to have these arrangements completed by the time the second annexation public hearing takes place on May 24.

Mayor Kennedy requested this area be flagged for necessary drainage improvements.

City Manager Tewes stated that approximately a year or so ago, the County, in conjunction with a nearby development, made some significant improvements in this intersection. He was not aware of any drainage problems associated with this year's rainy season that has been experienced in the past at this location.

Council Member Carr noted the Planning Commission minutes addressed a driveway and septic tank issue with this item. He inquired whether these issues have been addressed.

Ms. Molloy Previsich said that it was her understanding that a homeowner had a private driveway that connected to Sanchez Drive. She said that it was indicated that the adjacent property owner built a fence across what had been the driveway access to the home. The property owners were advised that this was a civil matter, and that they may have established prescriptive rights to be able to use the driveway. She indicated that Public Works Department staff reported that there were no plans to extend the street to Hale Avenue.

Mayor Kennedy opened the Public Hearing.

Mike Serrano, speaking on behalf of his father-in-law and mother-in-law, informed the Council that in 1976, the County directed their home face Sanchez and Del Monte Avenues, allowing their driveway to access this road(s) for the past 29-years. When the adjacent homeowner moved in, he blocked the driveway access with boulders and told his in-laws to access their home from Hale Avenue, a dangerous prospect. He requested the City complete the bulb out and install sidewalks. He informed the Council that his in-laws donated property fronting Santa Teresa Boulevard to the County to accommodate a trolley along Hale Avenue.

No further comments were offered.

Mayor Kennedy requested staff follow up on this particular concern.

Ms. Molloy Previsich said that it was her sense that this concern is a matter between private parties. She stated that staff would try to find out from the County whether they required land dedication or whether the map presented was a map of some possible future road improvement. She said that at the Planning Commission meeting, Public Works Department staff indicated that there were no planned improvements proposed for this area.

Council Member Sellers requested that staff investigate why the map displayed by Mr. Serrano shows a bulb being called out, noting that the area is already developed.

Ms. Molloy Previsich said that the map displayed by Mr. Serrano appears to be a portion of a tract map a developer may have prepared that stipulates reservation for a possible future right-of-way. She was not sure whether the map configuration was ever formalized. She felt it may be fruitful for the property owners to pursue whether they have rights, given the long history of using the driveway over the property. However, this is a private/civil matter.

Mayor Kennedy felt questions still remain unanswered, and requested that staff investigate the questions.

Council Member Sellers felt there were issues that need to be resolved regarding this island annexation.

No further comments were offered.

Mayor Kennedy noted that the adjacent property owner who has built the barricade/wall owns property within the city limits. He requested staff address access, the manhole, easements involved, and whether the property owner has rights to access his home via Sanchez Drive.

ISLAND #3: ANX-05-03; ZA-05-19 City of Morgan Hill - Teresa & Sabini: Island #3 is a 17.86-acre annexation area containing 5 parcels located Llagas Road/Teresa Lane and Sabini Court. The zoning amendment consists of prezoning APNs 773-32-010, -011, -012, -013 and -014 to the “Residential Estate RE-40,000” zoning district, consistent with the existing city General Plan designation of Residential Estate 0-1 units per acre.

Ms. Molloy Previsich informed the Council that staff initially suggested a zoning designation of RE-100,000. However, the property owners and the Planning Commission supported the RE-40,000 zoning designation. She stated that staff does not object to this designation as it is consistent with the existing city General Plan.

Mayor Kennedy opened the public hearing.

Steve Bolaris, owner of the second parcel, indicated that his home was built 21 years ago. He is provided with city sewer and water service and has County police protection. He requested support of the prezoning of the RE-40,000 versus the RE-100,000 zoning designation. He noted that the homes on both sides of his parcel are one acre minimum and that he owns approximately 2.6 acres. He informed the Council that the owner of the third parcel was unable to attend this evening’s Council meeting. However, the property owners were in support of the prezone and annexation request. He requested the City pave Sabini Court as it has not been paved in 21-years and does not meet minimum standards.

No further comments were offered.

ISLAND #5: ANX-05-05; ZA-05-21 City of Morgan Hill - Cochrane & Mission View: Island #5 is a 54.92-acre annexation area containing 3 parcels located at Cochrane Road and Mission View. The zoning amendment consists of prezoning APN 728-36-006, as well rezoning APN 728-36-011 (an adjacent 1.65-acre parcel already within the city limits located in at the corner of Cochrane and Mission

View), to the “Single Family R-1-7,000” zoning district; and rezoning APNs 728-36-007 and -008 to the “Single Family R-1-9,000” zoning district. These zonings are consistent with the existing General Plan designation of Single Family Medium 3-5 units per acre.

Ms. Molloy Previsich informed the Council that this island is located within the Cochrane Road Assessment District and that the City is subject to a Court order that requires the City to annex these lands upon request. She indicated that the property owners are supportive of the annexation. She clarified that annexation does not mean development will occur in the near term because the court order provides that the Cochrane Road Assessment District parcels be subject to the City’s Residential Development Control System. She noted the City has awarded allotments through 2009-10. Therefore, the earliest this area can compete for allotments would be for 2010-11 allocations. She informed the Council that the City would be achieving feathering of density from R-1-7,000 to R-1-9,000 to the adjacent R-1-12,000 zoning district.

Mayor Kennedy opened the public hearing. No comments were offered.

ISLAND #6: ANX-05-06; ZA-05-22 *City of Morgan Hill - Cochrane & Peet*: Island #6 is a 141.99-acre annexation area containing 3 parcels located at Cochrane and Peet Roads. The zoning amendment consists of rezoning APNs 728-34-001 and -008 to the “Public Facilities” zoning district, consistent with the existing city General Plan designation of Public Facilities; and rezoning APN 728-34-009 to three zoning classifications all with the Residential Planned Development Overlay, consistent with the existing city General Plan designation of Single Family Low 1-3 units per acre, as follows: “Single Family R-1-12,000/RPD (34.77 acres); Single Family R-1-20,000/RPD (45.03 acres); and Residential Estate RE-40,000/RPD (41.51 acres).

Ms. Molloy Previsich informed the Council that this island is also within the Cochrane Road Assessment District. The City is subject to a court order that requires annexation of these parcels upon request by the property owners. She indicated that the property owners are supportive of the annexation. She stated that the property owners initially wanted a greater density. The Planning Commission spent a fair amount of time discussing the appropriate zoning designation for the area, and came up with this density plan. The Planning Commission is forwarding the recommended density plan for Council approval as well as annexation of the island.

Mayor Kennedy opened the public hearing. No comments were offered.

ISLAND #7: ANX-05-07 *City of Morgan Hill - Diana & Hill (El Dorado III)*: Island # 7 is a 23.99 acre annexation area that includes the existing El Dorado III subdivision, containing 46 homes. The area is already rezoned to the Single Family Low Density R-1-12,000 zoning classification, consistent with the existing General Plan land use designation of Single Family Low 1-3 units/acre.

Ms. Molloy Previsich informed the Council that the area is already connected to City water and sewer. She said that Measure C anticipated annexation of this area and has exempted this island’s population from the population cap. Staff does not believe the streets were ever accepted by a public agency. She informed the Council that she spoke to one of the property owners who confirmed that a homeowners association was created to maintain the streets and landscape areas. The property owner stated that the

streets have never required maintenance. It was her belief the developer paid the street lighting bill for many years and then stopped paying the bills. She said it is not clear who is paying for the street lights. When this area is annexed, it would appear the City may start having to pay for the street light bills. She said that there is an offer of dedication that was never accepted by the City. She stated that the assessed value of the island is approximately \$23 million. It is estimated that this island would generate approximately \$23,000 per year in property taxes to the City's general fund.

Mayor Kennedy opened the public hearing. No comments were offered.

ISLAND #8: ANX-05-08; ZA-05-32 City of Morgan Hill - US Hwy 101 & Condit: Island #8 is a 62.34-acre annexation area containing 4 parcels, of which two are already appropriately rezoned as Planned Unit Development-Commercial. The zoning amendment consists of rezoning the other 2 parcels, which include a Water District drainage channel (APN 728-17-008) and a City well site (APN 728-17-024), to the "PF Public Facilities" zoning district, consistent with the existing city General Plan designations.

Ms. Molloy Previsich informed the Council that the annexation area includes a large segment of Highway 101 as well.

Mayor Pro Tempore Grzan referred to the water channel located along Highway 101. He inquired how annexation would change the drainage channel. He further inquired whether there would be recreational opportunities.

Ms. Molloy Previsich indicated that the Water District owns the drainage channel. She said that the Madrone Channel may or may not offer recreational opportunities. However, when the City enters into the discussion of land use, streams and developing a riparian corridor in association with land use, this would be the time to have this type of discussion.

Mayor Kennedy opened the public hearing. No comments were offered.

ISLAND #9: ANX-05-09 City of Morgan Hill - E. Dunne-Wong: Island #9 is a 4.83-acre annexation area containing 1 parcel, which is already rezoned to the R-1-7,000 zoning classification, consistent with the existing Single Family Medium 3-5 du/acre General Plan land use designation.

Ms. Molloy Previsich informed the Council that this island was rezoned in July 2000, but that the annexation did not progress due to the lack of progress with certain code compliance consideration. She recommended the City move forward with annexation without requiring every single compliance issue to be addressed. Any required code compliance could be carried out following annexation.

Mayor Kennedy indicated that this particular parcel may have some concerns. He noted that staff is indicating that once annexed, the parcel would fall under the City's code compliance and that no action to correct code violations would be taken unless complaints are lodged.

Ms. Molloy Previsich stated that the City does not have the authority over conditions on the property. Once annexed, and should it come to the City's attention that there are code compliance issues that need

to be addressed, the City will have resources to address the complaints. She stated that staff responds to building activities without benefit of permits, life safety issues and complaints.

Mayor Kennedy opened the public hearing. No comments were offered.

ISLAND #10: ANX-05-10 City of Morgan Hill – Murphy: Island #10 is a 2.34 acre annexation area containing 1 parcel. The parcel is already rezoned to the R-1-7,000 zoning classification, consistent with the existing General Plan designation of Single Family Medium 3-5 unit per acre.

Ms. Molloy Previsich informed the Council that this parcel was rezoned in June 2000. She said that staff is not aware of any objections to the annexation proposal. She indicated that the parcel is surrounded on three sides by the City and that the south side of the parcel is surrounded by the County.

Mayor Kennedy opened the public hearing. No comments were offered.

ISLAND #11: ANX-05-11; ZA-05-33 City of Morgan Hill - Condit & Murphy: Island #11 is an 18.71-acre annexation area consisting of 2 parcels, located along Condit Road, and bounded by San Pedro and Murphy Avenues. The zoning amendment consists of rezoning APNs 817-12-006 and -009 to the “CG General Commercial” zoning district, consistent with the existing city General Plan designation of Commercial.

Ms. Molloy Previsich informed the Council that lands to the north and west are designated/zoned Planned Unit Development and lands to the east are designated residential estate and are located within the City’s urban growth boundary. However, they are not located within the City’s urban service area at this time. Lands to the south are designated Public Facilities and includes the soccer fields and the Aquatics Center.

Mayor Kennedy opened the public hearing. No comments were offered.

ISLAND #12: ANX-05-12 City of Morgan Hill - Dewitt: Island #12 is a 2.00-acre annexation area consisting of one parcel located at 16775 Dewitt Avenue. The parcel is already rezoned to the “Single Family R-1-12,000 / Residential Planned Development (RPD) zoning overlay” classification, consistent with the existing city General Plan designation of Single Family Low 1-3 units per acre.

Ms. Molloy Previsich informed the Council that rezoning occurred in January 2004 and includes three adjacent properties to the north, zoned to the single family low density residential planned development. She said that the other three parcels were approved for a subdivision, were annexed and are developing. This last parcel was included in the RPD and that the RPD showed the development potential of three lots. Without the RPD, the recommended zoning of R-1-12,000 could allow for up to 7 units, assuming other zoning and subdivision requirements are met. She indicated that there was a discussion at the Planning Commission meeting as to whether the RPD zoning overlay should be removed as it was not included with the other development. However, the Planning Commission felt that the neighbors in the surrounding area had the expectation for three units as part of the RPD process. The Planning Commission is recommending the Council retain the RPD overlay. She stated that based on this recommendation, there is no other rezoning action required by the Council at this time as the R-1-

12,000/RPD rezoning would be retained. It is being recommended the parcel be included within the annexation resolution.

Mayor Kennedy opened the public hearing. No comments were offered.

ISLAND #13: ANX-05-13; ZA-05-23 City of Morgan Hill - Tennant & Railroad: Island #13 is a 2.87-acre annexation area containing 2 parcels located at Tennant and the UPRR tracks. The zoning amendment consists of rezoning APN 817-06-053 to the “ML Light Industrial” zoning district, consistent with the existing city General Plan designation of Industrial; and rezoning APN 817-06-054 to the “PF Public Facilities” zoning district, consistent with its use as a transportation facility.

Ms. Molloy Previsich informed the Council that there was a philosophical discussion at the Planning Commission meeting about whether or not the Union Pacific Railroad transportation corridor facilities should be zoned. She felt that if a parcel exists, it should be zoned. Therefore, she recommends a public facility zoning designation to reflect its use as a transportation corridor. She indicated that the Planning Commission is forwarding a recommendation to zone the rail corridor as “PF” and to zone the other parcels ML, Light Industrial district; including the island within the annexation resolution.

Mayor Kennedy opened the public hearing. No comments were offered.

ISLAND #14: ANX-05-14 City of Morgan Hill - Monterey: Island #14 is a 20.26-acre annexation area containing 3 parcels located along Monterey Road near the terminus of Watsonville Road. The area has already been rezoned “Planned Unit Development–Light Industrial (PUD-ML)”, consistent with its existing city General Plan designation of Industrial.

Ms. Molloy Previsich informed the Council that a parcel is currently in residential use, not in conformance with the PUD-ML zoning classification. Upon annexation, legal non conforming residential uses may continue, but would not be allowed to intensify. She stated that no rezoning action is needed at this time. However, the Planning Commission and staff are recommending the Council include this island within the annexation resolution.

Mayor Kennedy noted the city limits zig zags in an out on Monterey Road. In looking further to the south, he noted there was another parcel similar to these parcels that appear to be outside the City limits. He inquired why this parcel was not being recommended to be included as part of the island annexation.

Ms. Molloy Previsich responded that the parcel may not have been included because it was not within the City’s urban service area. In order to meet the definition of being an island, you have to be substantially surrounded by the City, less than 150 acres, and located within the urban service area.

Mayor Pro Tempore Grzan inquired when Butterfield Boulevard would be constructed to this area.

City Manager Tewes informed the Council that one of the projects included in the City’s capital improvement program is to develop a plan line for Butterfield Boulevard. Butterfield Boulevard is proposed to connect at Watsonville and Monterey Roads.

Mayor Kennedy opened the public hearing. No comments were offered.

ISLAND #16: ANX-05-16 City of Morgan Hill - Diana & Jasmine: Island #16 is a 19.04-acre annexation area containing 2 parcels, which are already rezoned as R-1-12,000/Residential Planned Development Overlay. This is consistent with the existing city General Plan designation of Single Family Low 1-3 units per acre.

Ms. Molloy Previsich informed the Council that staff was not aware of any objections to the annexation.

Mayor Kennedy opened the public hearing. No comments were offered.

Mayor Kennedy requested that staff confirm/verify that assessor's parcel number APN 728-18-012 is already annexed into the City.

Council Member Tate recused himself from Island Annexation #17, and excused himself from the Council Chambers.

ISLAND #17: ANX-05-17; ZA-05-35 City of Morgan Hill - W. Edmundson & Piazza: Island #17 is a 12.64-acre annexation area containing 4 parcels located along West Edmundson at Piazza. The zoning amendment consists of changing the existing rezoning for APN 767-21-045 to remove the RPD overlay, such that the change is from R-2 (3,500)/RPD to a rezoning of "Multi Family R-2 (3,500)" zoning district, consistent with the existing city General Plan designation of "Multi-Family Low 5-14 du/acre". The 3 other parcels are already pre-zoned to the "Single Family Medium Density (R-1-9,000)/Residential Planned Unit Development (RPD)" district, consistent with the Single Family Medium 3-5 units per acre General Plan designation.

Ms. Molloy Previsich informed the Council that all four parcels have the appropriate underlying zoning, including an RPD overlay. At one time, there was a developer working on all four parcels. However, the developer abandoned the project. She said the City has an individual who is interested in developing a portion as a separate multi-family parcel, similar to a project to the east. The Planning Commission felt it appropriate to remove the RPD from the one parcel, but to retain the RPD zoning overlay on the other three parcels. Therefore, no action would be needed on the three parcels as they would remain R-1-9,000/RPD. The Council is being asked to remove the RPD from the R-2-3,500 parcel. She clarified that the annexation proposal includes all four parcels and that the rezoning affects only one parcel.

Ms. Molloy Previsich informed the Council that the small parcel located on Edmundson Avenue is outside of the urban service area.

Mayor Kennedy felt that small parcels similar to the one on Edmundson Avenue should be included in the urban service area as he felt it was an island. He requested staff include City-initiated adjustments to urban service area for islands as part of a future "to do list" without necessarily stating it has to be included in a workplan. He did not want to lose track that this needs to be done.

Mayor Kennedy opened the public hearing. No comments were offered.

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council, on a 4-0 vote with Council Member Tate absent, waived the reading in full of Ordinance No. 1775, New Series, for Island No. 17,*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council **Introduced** Ordinance No. 1775, New Series, for Island No. 17, by Title Only, as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO REZONE A SINGLE 2.30 ACRE PARCEL LOCATED ON THE SOUTH SIDE OF WEST EDMUNDSON AVENUE, ACROSS THE STREET FROM COMMUNITY PARK FROM MULTI-FAMILY LOW R-2 3,500 RESIDENTIAL PLANNED DEVELOPMENT TO MULTI-FAMILY MEDIUM R-2 3,500**, by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers; NOES: None; ABSTAIN: None; ABSENT: Tate.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council, on a 4-0 vote with Council Member Tate absent, **Adopted** Resolution No. 5993, to Initiate Annexation Pursuant to Government Code Section 56375.3 for Island, 17.*

Council Member Tate resumed his seat on the Dais.

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council unanimously (5-0) waived the reading in full of Ordinance Nos. 1768-1774, New Series, for Island Nos. 2, 3, 5, 6, 8, 11, and 13.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council **Introduced** Ordinance No. 1768, New Series, for Island No. 2, by Title Only, as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PRE-ZONING 1.85 ACRES, FROM COUNTY OF SANTA CLARA EXCLUSIVE AGRICULTURE ZONING A-20 AND A-SR TO SINGLE FAMILY R-1-7,000 FOR APNS 764-23-017 & 764-24-001, 003, 004 & 005 FOR APPLICATION ZA-05-18: CITY OF MORGAN HILL-EAST OF HALE**, by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council **Introduced** Ordinance No. 1769, New Series, for Island No. 3, by Title Only, as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PRE-ZONING 17.62 ACRES, FROM COUNTY HILLSIDE HS TO RESIDENTIAL ESTATE RE 40,000 FOR APNS 773-32-010, 011, 012, 013 & 014 FOR APPLICATION ZA-05-19: CITY OF MORGAN HILL-TERESA & SABINI**, by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council **Introduced** Ordinance No. 1770, New Series, for Island No. 5, by Title Only, as*

follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PRE-ZONING 36.60 ACRES, FROM COUNTY GENERAL USE A1-2.5 TO SINGLE FAMILY R-1 9,000 FOR APNS 728-36-007 & 008, PRE-ZONING 18.30 ACRES FROM COUNTY GENERAL USE A1-2.5 TO SINGLE FAMILY R-1 7,000 FOR APN 728-36-006 AND REZONING 1.65 ACRES FROM SINGLE FAMILY R-1 9,000 TO SINGLE FAMILY R-1 7,000 FOR APN 728-36-011 AS CONTAINED IN APPLICATION ZA-05-21: CITY OF MORGAN HILL-COCHRANE AND MISSION VIEW, by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council **Introduced** Ordinance No. 1771, New Series, for Island No. 6, by Title Only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PRE-ZONING 18.5 ACRES, FROM COUNTY EXCLUSIVE AGRICULTURE A-20 TO PUBLIC FACILITIES FOR APNS 728-34-001 & 008, PRE-ZONING A 34.7 ACRE PORTION OF APN 728-34-006 FROM COUNTY EXCLUSIVE AGRICULTURE A-20 TO SINGLE FAMILY R-1-12,000 RESIDENTIAL PLANNED DEVELOPMENT, PRE-ZONING A 45.03 ACRE PORTION OF APN 728-34-006 FROM COUNTY EXCLUSIVE AGRICULTURE A-20 TO SINGLE FAMILY R-1-20,000 RESIDENTIAL PLANNED DEVELOPMENT AND PRE-ZONING THE REMAINING 41.5 ACRES FROM COUNTY EXCLUSIVE AGRICULTURE A-20, TO RESIDENTIAL ESTATE RE 40,000 RESIDENTIAL PLANNED DEVELOPMENT FOR APPLICATION ZA-05-22: CITY OF MORGAN HILL-COCHRANE AND PEET, by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council **Introduced** Ordinance No. 1772, New Series, for Island No. 8, by Title Only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PRE-ZONING 6.77ACRES, FROM COUNTY EXCLUSIVE AGRICULTURE A-20 TO PUBLIC FACILITIES FOR APN 728-17-008, AND RE-ZONING A .06 ACRE PARCEL FROM PLANNED UNIT DEVELOPMENT PUD, TO PUBLIC FACILITIES PF, FOR APN 728-34-006 FOR APPLICATION ZA-05-32: CITY OF MORGAN HILL-US HIGHWAY 101 AND CONDOT, by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council **Introduced** Ordinance No. 1773, New Series, for Island No. 11, by Title Only, as follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PRE-ZONING 18.85 ACRES, FROM COUNTY EXCLUSIVE AGRICULTURE A-20 TO GENERAL COMMERCIAL CG, FOR APNS 817-12-006 & 009 FOR APPLICATION ZA 05-33: CITY OF MORGAN HILL-CONDIT & MURPHY, by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council **Introduced** Ordinance No. 1774, New Series, for Island No. 13, by Title Only, as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL PRE-ZONING 1.56 ACRES, FROM COUNTY AGRICULTURAL A-20A TO LIGHT INDUSTRIAL ML, AND 1.17 ACRES TO PUBLIC FACILITIES PF, FOR APNS 817-06-053 & 054 FOR APPLICATION ZA-05-23: CITY OF MORGAN HILL-TENANT AND RAILROAD**, by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

Action: *On a motion by Council Member Sellers and seconded by Council Member Carr, the City Council unanimously (5-0) **Adopted** Resolution No. 5994, as amended, to Initiate Annexation Pursuant to Government Code Section 56375.3 for Islands 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 16.*

Action: *On a motion by Council Member Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Set May 24, 2006** as the date for the Second Public Hearing for Proposed Annexations, and Final Adoption of Prezoning/Rezoning Ordinances.*

FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

RECONVENE TO CLOSED SESSION

Mayor Kennedy adjourned the meeting to Closed Session at 8:17 p.m.

RECONVENE

Mayor Kennedy reconvened the meeting at 9:19 p.m.

CLOSED SESSION ANNOUNCEMENT

City Attorney Kern announced that no reportable action was taken in closed session.

ADJOURNMENT

There being no further business, Mayor Kennedy adjourned the meeting at 9:21 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK



CITY COUNCIL STAFF REPORT

MEETING DATE: April 26, 2006

COMMUNITY SPECIAL EVENT FUNDING REQUESTS FOR FY 06-07 BUDGET CONSIDERATION

Agenda Item # 13

Prepared By:

**Special Assistant to the
City Manager**

Submitted By:

City Manager

RECOMMENDED ACTION(S):

1. Review requests submitted by Community Organizations
2. Provide funding direction to staff for consideration in the FY 06-07 budget process for Community-wide Special Events.
3. Determine if a separate policy should be drafted to address public facility rental rate discounts; funding of events not falling into the community-wide criteria; and outside organization requests for Council funding/co-sponsorship support.
4. Council discretion on funding United Way's 2-1-1 call center for \$10,000 and providing a letter of support to the CPUC.

EXECUTIVE SUMMARY: On December 14, 2005 Council approved a formal process for Community Special Event funding and co-sponsorship requests so they may be considered within the annual budget process which should result in increased discretionary budget control. Event organizers who traditionally hold events in Morgan Hill that are considered a community-wide event, require city services support, and have requested city funding assistance in the past were provided with forms and the deadline of March 31, 2006 in order to be considered for the budget process for FY06-07.

In the recent past, city services support has typically been billed to the requesting organization with the group then coming before Council asking for funding to cover these expenses. Council has budgeted funds in a Community Promotions Budget that may be applied for this purpose and has reviewed these requests on a case by case basis. The budget for these expenses comes from the General Fund which has been increasingly limited over the past few years and FY05-06 resulted in no funding set aside to support organizer requests. Meanwhile, organization request for event support has increased. Council directed staff to establish a more formal procedure so they may review the requests in totality on an annual basis and make budgetary decisions based on the level of Council support.

Applications were distributed to the following who met the criteria: IDI Fourth of July; Downtown Association Safe Trick or Treat; Mushroom Mardi Gras; Hometown Holidays Parade & Tree Lighting; Taste of Morgan Hill; Caliman Triathlon; Grand Prix; and Friday Night Music Series.

Staff received three additional requests for funding which do not fall into the above criteria. Poppy Jasper Film Festival requested \$4600 to cover Playhouse rental fees and Live Oak Grad Night 2006 requested \$5,000 to cover shortages for this year and provide seed funding for next year's event. These were unsolicited applications and staff recommends that a separate policy be established for those groups requesting subsidized public facility rental rates and special events that are not community-wide. The city receives many of these types of requests over the course of the year and has not typically funded them. Staff will note discounted rental rates impact the cost-recovery goals of each particular facility and will require funding from some other source to backfill. The third request is from United Way 2-1-1 call center service with an initial \$10,000 request with a long-term funding commitment to be determined. United Way is also requesting a letter of support to include with their CPUC application.

FISCAL IMPACT: Possible General Fund impact of \$41,700-\$63,350

The following applications were received:

A. Safe Trick or Treat	<u>Morgan Hill Downtown Association: Dan Craig</u> Request for City Services sponsored Public Works Assistance \$2500.00 Police Patrol \$ 600.00 Equipment Rental for street closures <u>\$2500.00</u> Total: \$5600.00 NA
B. Holiday Lights Parade & Tree Lighting Ceremony	<u>Morgan Hill Kiwanis: Barbara Kimmich</u> Request for City Services sponsored Police Patrol \$ 500 \$ 500 Public Works Assistance for street blocking & verify speakers are in working order \$ 440 \$ 440 250 No parking signs Flat bed truck for announcer Large directional traffic boards (2) Permit Fee \$ 125.00 \$ 125.00 Total: \$1,065 \$1,065
C. Mushroom Mardi Gras Festival	<u>Mushroom Mardi Gras Organization: Sunday Minnich</u> Request City Services & Rental Fees Police Patrol \$ Public Works Assistance \$ Permit Fee <u>\$ 125.00</u> Total: \$5,000 *\$5,000 *Move allowance from C. Park
D. Fourth of July	<u>IDI: Alex Kennett</u> Request City Services sponsored Public Works Assistance \$ 2,275.00 \$ 2,274.73 Police Patrol \$ 11,412.00 \$11,411.97 Permit fees <u>\$ 125.00</u> <u>\$ 125.00</u> \$13,812.00 \$13,811.70 Insurance premium <u>\$11,188.00</u> <u>\$11,188.00</u> Total: \$25,000 \$25,000 Notes: Family Festival is a new site—Downtown Morgan Hill along Monterey Road, between Main Street and Dunne Avenue following the parade. This will require increased police and public works services. Parking issues arose last year on Edmundson which will need to be addressed this year for the fireworks at Community Park. IDI is requesting use of the Community Center Parking Lot for staging//car show parking until 1:00 p.m. that day. There is a <i>Mayors Reception</i> rental which will require parking access. If Council requests that the parking lot is reserved for IDI then the CCC will be unable to rent the facility until after 2p.m. Mid-week is not as great an impact but when Fourth of July falls on a weekend it will impact wedding rentals. Additional security may be needed to insure no activity occurs on the construction site of the CRC.
E. CALIMAN ½ Triathlon	<u>J & A Productions: Andrew Robles</u> Request City Services sponsored Public Works Assistance TBD NA Police Services TBD NA Community Center Rental <u>\$ 2000.00</u> <u>NA</u> Total: \$5,000 est. Note: New event for 2006—June 9 th & 10 th but request for 2007

REQUESTS FOR 2006 ARE ESTIMATES (3-5% possible increase)



Memorandum

Date: April 12, 2006

To: Ed Tewes, City Manager

From: Julie Spier, Special Assistant to the City Manager

Subject: Recent History of Council funding allocations for Community Special Events

The following information was provided to Council on December 2005 regarding funding allocations of Community Special Events. The staff report noted that in FY 2005-2006 the Community Promotions approved budget was only for Centennial Activities in the amount of \$25,000. As of October 26, 2005 there was approximately \$11,800 remaining.

On October 26, 2005 Council allocated \$1,065 from the unallocated general fund to the Community Promotions fund in co-sponsorship of the Morgan Hill Kiwanis request for funding support of the Holiday Light Parade. The funds were for the special permit fee, police and public works support. There were no other funds set aside for community special events for the remainder of the fiscal year.

For the calendar year, the Council minutes of May 4, 2005 reflect the following actions:

Community and Economic Development Subcommittee recommended that the Council continue to fund IDI. Council member Carr stated that there has been an expectation of \$11,000 coming out of the community promotions budget going to IDI. The subcommittee is recommending that the Council continue to fund IDI (for July 2005 activities). In addition to funding, IDI typically requests significant in kind staff support for events that occur over the Fourth of July programmed days. The subcommittee is recommending that these in kind services continue this year (2005) with an expectation that this is the final year that the City absorbs the cost for in kind support.

Regarding the Mushroom Mardi Gras, the subcommittee is recommending a one time contribution of \$5,000 in funding in recognition of moving their program downtown as a result of some of the work taking place at Community Park.

City Council voted to allocate \$11,000 from the Community Promotions budget to IDI. In addition to this cash donation, the City is to provide in kind support; and 2) Allocated \$5,000 to Mushroom Mardi Gras as a one time contribution.

Sponsorship Requests Outside of the Community Special Event Criteria

City staff receives numerous requests from community organizations for discounted or no-fee use of the public facilities. Staff has responded that there is a discounted rental rate approved by Council to be applied to all community user groups and takes into consideration the impact to the

cost recovery goals of each particular facility. This has resulted in an increase in requests for city co-sponsorship of events in order for the rental rate to be considered an in-kind cost picked up by the city. An example of this is the *Morgan Hill Reads* event sponsored by the Friends of the Morgan Hill Library.

We recognize that the special events and the organizations that facilitate these events provide a valuable service to the Morgan Hill community and create great use of our public facilities that were intended for these purposes. Staff is in need of a policy to address these requests and suggest that this be discussed at the Public Safety and Community Services Sub-Committee for further direction and discussion regarding a policy for Council consideration.

Another area that requires policy direction is the requests from organizations that are not providing a community-wide special event nor asking for reduced or no-fee rates of our public facilities. These groups may be requesting funds in support of an event with a specific clientele to be held in a location other than the city facilities. The Live Oak Grad Night 2006 would be an example of this type of request.

A third request received by Council is the funding from outside organizations in support of a new program, such as United Way asking for Council funding support of the new 211 phone response system.

The results of establishing policies and a formal process would provide greater discretionary budget control for Council and a tool for community organizations to determine if they qualify for co-sponsorship.



CITY COUNCIL STAFF REPORT

APRIL 26, 2006

Agenda Item # 14

Prepared By:

**Council Services &
Records Manager**

Submitted By:

City Manager

APPOINTMENTS TO FILL VACANCIES ON THE LIBRARY, CULTURE & ARTS COMMISSION; AND THE PARKS & RECREATION COMMISSION

RECOMMENDED ACTIONS: Consider, Discuss and Ratify Mayor's Appointment to Fill Vacancies on the Library Culture & Arts Commission; and the Parks & Recreation Commission

EXECUTIVE SUMMARY:

Library, Culture & Arts Commission

There are currently five (5) vacancies on the Library, Culture & Arts Commission. On January 19, 2006, the City Council interviewed Einar Anderson, Charles Dillmann and Marie Christine Briot-Connolly to fill vacancies on the Library, Culture & Arts Commission.

Parks & Recreation Commission

There are currently four (4) vacancies on the Parks and Recreation Commission. On January 19, 2006, The City Council interviewed Alan Clark, Mark Frederick, Kimberly Leiser, Marilyn Librers, and Craig van Keulen to fill vacancies on the Parks & Recreation Commission.

Following the interviews, the Council identified individual candidates of choice. Mayor Kennedy is taking Council Members' recommended appointments under advisement. Per the "Fundamental Principles for a Recruitment, Interview and Appointment Process," Mayor Kennedy will return to the Council on April 26, 2006 with recommended appointments to these two Commissions; to be followed by Council discussion and ratification of the Mayor's appointments.

FISCAL IMPACT: The time necessary to prepare this report is accommodated in the Council Services and Records Manager's operating budget.



CITY COUNCIL AD HOC TASK FORCE REPORT

MEETING DATE: April 26, 2006

REPORT FROM THE CITY COUNCIL AD HOC TASK FORCE

RECOMMENDED ACTION(S):

1. Discuss Ad Hoc Task Force Report;
2. Adopt Ad Hoc Task Force Recommended Actions; and
3. Direct Ad Hoc Task Force to Return to the Council with a recommendation on outstanding item(s).

EXECUTIVE SUMMARY:

On February 1, 2006, the City Council adopted Policies & Goals for 2006. One of the goals includes the following:

Goal: *An ad hoc task force comprised of the Mayor and Mayor Pro Tem should report in April on how the Council should manage its responsibilities for evaluating Council appointees, and on the appropriateness of a new committee of the Council to manage Council's personnel functions, monitor agenda planning, recruit citizens for committees and commissions, focus on ethics, and suggest ideas for communicating with citizens.*

Mayor Kennedy and Mayor Pro Tempore Grzan met as the Ad Hoc Task Force in March and April 2006. Mayor Kennedy invited City Manager Torrez and Council Services & Records Manager Torrez to sit in on the Ad Hoc Task Force meetings. The attached Exhibit A provides the Council with the Ad Hoc Task Force recommendations to address the items listed in the goal.

FISCAL IMPACT: No fiscal impacts at this time.

Agenda Item # 15

Prepared By:

Council Services &
Records Manager

Submitted By:

Mayor

Mayor Pro Tempore

EXHIBIT A
AD HOC TASK FORCE RECOMMENDATIONS
REGARDING COUNCIL GOAL

I. **How the Council should manage its responsibilities for evaluation of Council appointees, and on the appropriateness of a new committee of the Council to manage the Council's personnel functions**

Recommendation: The Ad Hoc Task Force (AHTF) recommends starting the performance evaluation process of its appointees early enough to allow meaningful goals to be identified for the subsequent performance evaluation period.

Recommendation: The AHTF further recommends that the Mayor be responsible for managing the evaluation process of the City Manager and City Attorney. The Mayor to appoint a member of the City Council to work with him/her on the evaluation; generally this would be the Mayor Pro Tempore.

The AHTF will return in May with suggestions for the City Attorney evaluation process.

II. **Monitor agenda planning**

The AHTF reviewed Council Policy, CP97-01: Rules for the Conduct of City Council Meetings and concluded that this policy should remain in place. To streamline agendas, Council should request the City Manager consider opportunities for study sessions and workshops to sequence complex policy issues over several meetings.

Recommendation: 1) Council to reaffirm or modify the order of the agenda at the beginning of each meeting. 2) Staff to identify opportunities for study sessions on complex items.

III. **Recruit citizens for committees and commission**

The AHTF reviewed current recruitment efforts (e.g., newspaper advertisements, posting on the City's bulletin board, announcements on Channel 17, letter of invitation to incumbents to apply for reappointment, etc.).

The AHTF discussed possible incentives to encourage applicants to volunteer to serve on the various boards and commission such as volunteer recognition dinners.

Recommendation: The AHTF recommends that staff recruitment efforts be extended to include making presentations to Leadership Morgan Hill and service clubs. It was further suggested that the activities of committees be more widely publicized and that incentive programs be considered as part of the budget process. Vacancy announcements are to be published in the City's newsletter.

IV. **Focus on ethics**

The AHTF learned that Assembly Bill (AB) 1234 became effective January 1, 2006, adding new sections to the Government Code requiring mandatory ethics training for local government officials serving on legislative bodies. Legislative bodies include the City Council and the Redevelopment Agency and other City boards and commissions whose members are reimbursed

for expenses or compensated for services. AB 1234 requires Council, committee, commission, and board members receiving reimbursement to attend an Ethics Training session before January 7, 2007. The City Attorney and the Council Services & Records Manager are working toward drafting a workplan that implements AB 1234 for Council consideration.

Recommendation: Direct staff to return with a workplan to implement AB 1234 and the mandatory Ethics Training for the City of Morgan Hill, while reinforcing the Council's adopted Value Based Ethics Policy.

V. Suggest ideas for communicating with citizens

The AHTF discussed current means of communicating with community members. They include the quarterly distribution of City Connections, the City's newsletter that is combined with the Recreation Guide; and Channel 17 announcements. It was suggested that the City may wish to purchase a ½ newspaper page or to pay for an insert on City information in the local newspaper. Another alternative would be to publish a quarterly City newsletter, separate from the Recreation Guide.

Recommendation: Implement a newsletter concept, separating the newsletter from the Recreation Guide (publish as separate documents). Newsletter to focus on touting the City's accomplishments.



CITY COUNCIL/REDEVELOPMENT

AGENCY STAFF REPORT

MEETING DATE: April 26, 2006

Agenda Item # 16

Submitted By:

C&ED Chair

COUNCIL GOAL- COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE COMMUNICATION PLAN FOR DOWNTOWN

RECOMMENDED ACTION(S): Endorse the Council Community and Economic Development Committee's (C&ED) recommended approach for communicating to the community the accomplishments and goals for downtown.

EXECUTIVE SUMMARY: One of the City Council policies for 2006 is "The Downtown Master Plan should be implemented as soon as possible." A goal of this policy is "By April 2006, the Community & Economic Development Committee should prepare a communication and marketing plan which will include a report to downtown stakeholders and the entire community on the accomplishments and goals for downtown improvements." Attached is a report prepared by Community Development listing the status of City/Agency activities to implement the downtown plan. For your reference, we have also included a copy of the Implementation Strategy section of the downtown plan.

Before the C&ED can recommend to the Council the goals for downtown improvements, we need to first develop those goals with input from the community. Towards that end, the C&ED and city staff have been meeting with the Morgan Hill Downtown Association (MHDA) to discuss schedule, topics and format for a joint workshop which would include the "next steps" for implementing the downtown plan. The workshop is planned for sometime in May/June. After the workshop, the C&ED would report back to the Council on the "next steps" for downtown including the suggested goals for downtown improvements.

With regard to the specific communication plan, staff has indicated it will be retaining a firm to assist with the development and implementation of a communication strategy for the Redevelopment Agency's plan amendment and accomplishments. As the Agency has been instrumental in the development of downtown, the Agency will be communicating those accomplishments to the community. Rather than develop and implement a separate communication plan for downtown, we believe that it would be appropriate for staff to include the downtown in the Agency's communication efforts. After the new goals and next steps for downtown have been established, we can then inform the community via the Agency's current efforts or a supplemental communication effort to be recommended by the C&ED at a later time.

Staff indicates they are in the process of interviewing firms and will bring the agreement with the selected firm to the Agency for consideration in May. Staff will provide more details on the costs and scope of work at that time. We believe it is essential to retain a professional firm to assist in communicating the Agency's accomplishments and the purpose of the Plan Amendment because of the complex nature of redevelopment.

FISCAL IMPACT: Staff indicates that \$50,000 has been allocated in the BAHS FY05-06 budget for the Agency's communication plan.